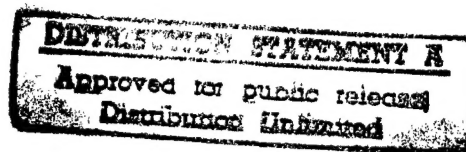


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# ***JPRS Report***



## **East Europe**

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# East Europe

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## CONTENTS

3 June 1992

### INTERNATIONAL AFFAIRS

Macedonian Reaction to Bulgarian Criticism [Skopje NOVA MAKEDONIJA 7 May]	1
---	---

### ALBANIA

Programs for AIDS Detection, Prevention [BASHKIMI 5 Mar]	2
--	---

### CZECHOSLOVAKIA

Kalvoda Clarifies ODA's Postelection Stand [CESKY DENIK 1 May]	3
Miklosko Reviews His Current Political Position [SLOBODNY PIATOK 1 May]	4
Information Sources on Sudeten German Opinion [RESPEKT 3 May]	7
Response to Professor's Criticism of Nationalists [LITERARNY TYZDENNIK 11 Apr]	8

### HUNGARY

FIDESZ Urges Revision of 1992 Budget [MAGYAR HIRLAP 6 May]	10
Delays Encountered in Privatization of MALEV [NEPSZABADSAG 23 Apr]	10
Kupa Refutes Charges of Intervention, Restriction [MAGYAR HIRLAP 6 May]	10
Regional Telephone Companies' Situation Analyzed [HETI VILAGGAZDASAG 11 Apr]	11

### POLAND

Failure To Attract Foreign Capital Examined [RYNKI ZAGRANICZNE 28 Apr]	14
Need for Antiterrorism Legal Regulations Stressed [POLITYKA 25 Apr]	15
Goals of Agency for Industrial Development [GAZETA PRZEMYSLOWA I HANDLOWA 12-26 Apr]	17
Status of Enterprise Restructuring Reexamined [GAZETA PRZEMYSLOWA I HANDLOWA 26 Apr-3 May]	19
Polish-Byelarusian Trade Possibilities Examined [GAZETA PRZEMYSLOWA I HANDLOWA 26 Apr-3 May]	20
Budget Outlays on Housing Reviewed [RZECZPOSPOLITA 14 Apr]	21

### ROMANIA

Ambassador Assesses Relations With U.S. [CURIERUL NATIONAL 15 May]	23
Political Realignment After FSN Split Analyzed [ROMANIA LIBERA 1 May]	23
Ministry Issues Communique on Weapons Possession [CURIERUL NATIONAL 16 May]	24
Need To Offset Import Dependence Noted [TINERETUL LIBER 21 Apr]	25
Capital Sector Mayors on Financial Conditions [AZI 5 May]	26
Problem Areas in Agricultural Production Noted [AZI 5 May]	29

### Macedonian Reaction to Bulgarian Criticism

92BA0929A Skopje NOVA MAKEDONIJA  
in *Macedonian* 7 May 92 p 2

[Commentary by Dimitar Chulev: "Another Mask Dropped"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] With his latest demand that Article 49 of the Macedonian Constitution be amended, Stoyan Ganev, the Bulgarian minister of foreign affairs, has assumed the role of yet another "joker" in raising the question of international recognition of Macedonia.

At the press conference given in Skopje on the occasion of his visit to the Republic of Macedonia, the Bulgarian minister of foreign affairs said, "We have nothing to fear. Conversely, we must stimulate friendship and create opportunities for a common well-being for the citizens of the Republic of Macedonia and the people in the Republic of Bulgaria."

One and a half months later, Stoyan Ganev, the promoter of the new modern cooperation that is to be based on new Balkan foundations, turns up in the arena of European gambling with Macedonia as yet another joker who raises a question concerning the international status of Macedonia. At the press conference held in Sofia two days ago, as well as on several prior occasions, he emphasized Article 49 of the Macedonian Constitution, which clearly stipulates that the Republic will be concerned with the ethnic minority outside its borders. Unlike in the past, the Bulgarian minister pointed out in precise and categorical terms that amending Article 49 will be a condition for Bulgaria to reestablish diplomatic relations with Macedonia!

Therefore, the country that was the first to recognize the international legitimacy of Macedonia has questioned something that only some months ago it had hastened to resolve, wishing at that time to create an impression few people expected, clearly hoping to gain the sympathy of a nation that eagerly awaited verification of its statehood.

The condition that was formulated by the chief of Bulgarian diplomacy concerning amendments to be made to the "controversial" Article 49 of the Macedonian Constitution, as he described it, is caused by the "fear" of Macedonian territorial claims and is essentially the same as the Greek conditions. Thus, joining its neighbor, which only recently had fiercely criticized it precisely for having recognized Macedonia, Sofia finds itself in the same position as Athens in that both are blocked by the Constitution, which, in the final account, would lead to denying Macedonian independence.

We are once again forced to note that yet another mask has dropped from the face of Bulgarian politics. How else could we interpret those "goodwill gestures" that were being made by Sofia in recent months, after it had openly declared to the world its seeming sympathy for us? Let us only mention Bulgarian President Zhelev, who, on several occasions, expressing his concern about all the games being played with Macedonia so far and recalling over and over that Europe should recognize Macedonia, claimed that "postponing the recognition could create unforeseen difficulties concerning its security and become a prerequisite for yet another destabilization in the Balkans."

Such was the official Bulgarian stand concerning the "endless games," publicly stated in the three meetings of EC ministers. Unfortunately, it appeared that in the case of Macedonia such a definition was merely verbal and that the recognition of Macedonia by Bulgaria last January was aimed at scoring political points.

A study of the origin of the Bulgarian diplomatic steps would make everything entirely clear and would reveal the main reason that Bulgaria recognized the state but not the people of Macedonia. The latest statement by Minister Ganev clearly revealed once again the assimilation trends concerning the Macedonian minority in Bulgaria. It indicated that the past 100 days of "Macedonian policy" has had, from its very start, entirely different intentions concerning Macedonia.

Like Greece, Bulgaria is openly attempting to curtail the right of existence of an ethnic Macedonian minority in its land, thus grossly interfering in the matter of Macedonian ethnic identity. Now, when Macedonia is impatiently waiting for recognition of its international statehood, its eastern and southern neighbors—and, unfortunately, not they alone—are obviously maximally profiting from the "circumstances" by formulating conditions that raise further obstructions to the recognition process.

The fact that Sofia is using double standards in this matter is further confirmed by the preparations it is making in setting up a new ministry to deal with foreign problems. This ministry would deal with handling the interests of Bulgarians abroad and taking care of Bulgarian interests outside Bulgaria. What a beautiful counterpoint! On the one hand, it insists on denying the existence of thousands of members of a nation living as an ethnic minority in Bulgaria—for whom we are asking nothing but respect for basic human rights, based on the standards set by the CSCE—while, on the other, even a ministry is being set up to protect the rights of Bulgarians abroad! Is it not more than absurd for Sofia to formulate such one-sided requirements, and do Bulgarians believe that the world is so ignorant and blind that it cannot see the nature of its intentions?

**Programs for AIDS Detection, Prevention**

92P20289A Tirana BASHKIMI in Albanian 5 Mar 92  
p 3

[Interview with Ylli Savolli, director of the Directorate of Hygiene, deputy chairman of the National Commission for Combating AIDS; place and date of not given: "In Response to the Question: 'Is There AIDS in Albania?'" ]

[Text] [BASHKIMI] For a long time, the "news" has been circulating that there have been cases of AIDS [Acquired Immune Deficiency Syndrome] in our country. What is the true story?

[Savolli] According to our data, so far, among the persons tested, no HIV [Human Immunodeficiency Virus]-positive person, that is, no carrier of the AIDS virus has been identified in Albania. Some 8,000 persons with a high risk of infection have been tested since 1988 when the laboratory for the diagnosis of AIDS was set up in the Institute of Hygiene and the sero-epidemiological study of the disease began. However, these data are not valid proof that we do not have AIDS in our country. On the one hand, the small number of people tested because of the lack of diagnostic kits and the imperfect structure which we have for combating and preventing the disease and, on the other hand, the increase in the number of persons at risk affect the value of these data. With this in mind, the National Commission for Combating AIDS, which is headed by the minister of health, evaluated the situation and, in its most recent meeting, concluded that Albania is in immediate danger of the entry of AIDS into

the country and perhaps the virus has already arrived. For this reason, it would be desirable for us to detect a case through testing in order to sensitize public opinion.

[BASHKIMI] What experience have we had in preventing the spread of the virus?

[Savolli] The period from 1984 to 1987 was a time for learning about the disease and training the first specialists by means of short specialization courses, mainly in Paris. In 1987, the National Commission for Studying, Preventing, and Combating AIDS was established and the first program for combating AIDS was drawn up. In 1988, a laboratory for the diagnosis of AIDS was set up in the Institute of Hygiene. In 1989, the second program, for the 1989-90 period, was drawn up. The World Health Organization [WHO] provided \$150,000 to finance the establishment of the laboratory in the Institute of Hygiene and Epidemiology, short-term specialization courses for cadres, and teaching materials and equipment, etc. For the 1990-93 period, a medium-term program has been drawn up which will also be implemented with WHO assistance. For this program, WHO will give us about \$800,000 in assistance.

[BASHKIMI] Do you think that the implementation of this program will protect our country from the danger of AIDS?

[Savolli] I think that the implementation of the program will make it possible to create the necessary network and the essential structure for facing all the problems posed by the disease. However, AIDS is a disease which is linked to social causes, to the formation of an individual, to his lifestyle, morals, etc.

**Kalvoda Clarifies ODA's Postelection Stand**

92CH0546A Prague CESKY DENIK in Czech  
1 May 92 p 3

[Interview with Jan Kalvoda, chairman of Civic Democratic Alliance, by Martin Weiss; place and date not given: "The Debt of Czech Politics"]

[Text] [Weiss] In one of the "What the Week Brought" programs, Minister Oberhauser issued the challenge, "We will explain to the Czechs what sovereignty is." Has he explained it to you yet?

[Kalvoda] No, he has not explained it. You know, I am such a conservative person and as far as concepts are concerned, I would always get back to the elementary definitions. Mr. Oberhauser's ideas will not have a lot of success in comparison with the established definitions of that concept which is the key concept of constitutional law. What Mr. Oberhauser is putting forward is awkward political juggling of this concept, full of emotions and imprecision, but nothing in it can hide the fact that sovereignty is the characteristic feature and property of a state or state power. It has two elements, an internal one and an external one. The external element of state sovereignty is its independence of any other state power and the internal element is the property of the state power which means that on a given territory this particular state power is supreme and not dependent on any other external state power. It is hard to argue with what Mr. Oberhauser says. No matter how serious a situation is, it is possible to laugh a bit.

[Weiss] In your statement of 7 March you announced that the ODA [Civic Democratic Alliance] is preparing specific steps for the case where Czechoslovakia is divided up. How are you going about this?

[Kalvoda] We have prepared a substantial part of what we referred to in our statement of 7 March. It is a package of the various legislative and executive steps which the government of the Czech Republic would have to take. It is clear to us that it is possible to submit beforehand particularly these proposals for laws. As far as the executive steps are concerned, it is a kind of political challenge, but in the case of some future event. Of course, we are considering when would be the right moment to take such a step as being unavoidable, as it could cause considerable political pressure and response.

Among the legislative steps, there must be, for instance, a standard which would give continuity to the Czechoslovak legal code on the territory of the Czech Republic. Then there are also some executive steps which were already mentioned by the Czech government in the fall of last year. It is well known that the government, and I consider this to be a responsible procedure, is continuing to make its so-called crisis scenario more precise. This is not a policy of confrontation; in this manner the government or the parliamentary political party carries out its responsibility towards the citizens of the Czech

Republic. Of course, we are not yet so far as to be able to submit all the steps and in our opinion the time has not come to submit them.

[Weiss] What is the relationship between your proposal and the government's proposal?

[Kalvoda] What the government has done covers the technology of the breakup of the joint state from the standpoint of the departments. We, of course, had to go farther because it will be a matter not only of the techniques of dividing up the networks, building borders, fine tuning, and other things, but also a matter concerning constitutional laws and international laws.

[Weiss] What kind of response are you seeing to your announcement?

[Kalvoda] A relatively puzzled one. Our view, which was not lightly formed in the ODA nor without reversals, is based on the fact that a parliamentary party in the current parliament has an obligation to react publicly to significant political problems. We tried to lay such a problem out in that statement. We are of the opinion that there is no place here for any kind of preelection tactics nor any attempt not to lose voter sympathy nor any attempt to gain it. We are not insisting that all the parties take our position, but we do insist that all parties in the parliament are obliged to reflect the situation somehow. This has not happened.

We actually have received two responses. One came from the OH [Civic Movement], thoroughly unfavorable, relatively ironic, and the other more of a message which called our policy a power gesture and irresponsible. I would allow myself to add a note to this: The situation sometimes also works out that the parties which are putting up candidates in the parliamentary elections do not have the right to choose with which of the Slovak parties they will deal after the elections. It will be the Slovak voters who decide with whom the Czech victors in the elections will deal and vice versa. This sounds logical, but that is only half the story. The other step consists of the fact that the preelection predictions in Slovakia indicate that after the elections we patently will not have anything to do with those who will obviously win in the Slovak parliamentary elections. We likewise perceive the preelection period as a time when there is still some chance of influencing the opinions of the Slovak voters. We do not have too great illusions that it will succeed, but we consider it our duty as a party which prefers the framework of the federation. The fatalism about what the Slovak voters will decide is, on the contrary, very irresponsible in our opinion. The Slovak voters should know that if they vote for parties which, in addition to being leftist, are also moreover nationalist, then these parties will not be capable of reaching agreement with certain political forces in the Czech lands and they could then also use this to guide their decisions about voting. The logic of our idea is derived from this fact and is based particularly on the fact that there are not many opportunities where one can

try for a legitimate political influencing of the Slovak scene. We consider as irresponsible the ideas of the type which say that we must wait until we see with whom we will be dealing. After all, an expression of the responsibility of a political party is not to create an absurd coalition. An effective government cannot be based on such a nonsensical coalition; it would be a matter of an unacceptable postponement in dealing with the problem.

[Weiss] The ones who characterized your statement as a power play were obviously the ODS [Civic Democratic Party]. However, the ODS has decided to influence the Slovak political scene by becoming a federal party and in coalition with the DS [Democratic Party] it is competing for votes from the Slovak voters. Is this not a very political attitude?

[Kalvoda] I greatly welcomed this step by the ODS and without any kind of irony I wish them the greatest success. But this is not the step B which would be the follow-on to this step A. I think that both the two positions are essentially necessary. For this reason, even though I say that I wish this action by the ODS success and that I consider it important, I do not have too much hope for it paying off in the Slovak political scene.

[Weiss] Will the elections be a referendum on the future of the federation?

[Kalvoda] I have heard the view in the form of a fear that these elections should not be another plebiscite; we had an earlier one against communism and this one would be on the federation. That is a keen perception, but the fear is unfounded in the sense that whether we want it or not, it will be a referendum. Unfortunately, I see here a certain debt of the Czech politics which was capable of producing a partner for negotiations on questions about the state legal arrangement in the person of Mr. Oberhauser and his peculiar formulations on the subject of sovereignty.

[Weiss] You said that Mr. Oberhauser produced the Czech politics? What do think about whether it was produced by the Slovak politics?

[Kalvoda] The Slovak politics for a very long time had a partner who did not stick to the political level of negotiations. A partner who passively came up with creations like those that Mr. Oberhauser is putting forth, without sticking to any clarification of positions. And only by doing that is it possible to arrive at any resolution in the negotiations about the state legal arrangement. The product of what I am speaking about is the fact that the Slovak population by an overwhelming majority, if we are to believe the various public opinion surveys, prefers a joint state, but an even bigger majority of the Slovak population will vote for parties which today are already openly calling for independence. In other words, that perceptive and understanding attitude, so much emotional and so little political, has resulted in the Slovak scene having political entities gadding about which in one breath say, "of course, the joint state is nicer and

better" and in the next breath say, "but we want independence." But so that there is no mistake, I am not pleading for some kind of hard, confrontational position. Politics is not war and the prestige of the politicians is not what this is about. It is a matter of an elementary level of negotiations; either this way or the other.

### **Miklosko Reviews His Current Political Position**

92CH0563A Bratislava SLOBODNY PIATOK in Slovak  
1 May 92 p 3

[Interview with Frantisek Miklosko, chairman, Slovak National Council, by Eva Muchova; place and date not given: "The Temptations of Power"—first paragraph is SLOBODNY PIATOK introduction]

[Text] The only day when the chairman of the Slovak parliament could find time for me was Saturday. We met at his apartment on Heydukova Street. I was struck by the simple furnishings, the hundreds of books on the shelves, the fine white curtains, and the framed pictures of modern Slovak painters and graphic artists placed on the floor. Frantisek Miklosko sat opposite me in his sweater, as if nothing had changed from November 1989 when the men of the revolution were still wearing sweaters. But things have changed. Life is much more difficult and many things are dragging us down, fraying our nerves, and making us doubt the correctness of the path on which we are travelling. And if life is hard for us, why would it not also be hard for the chairman of the parliament. After all, he is only a common mortal.

[Muchova] In your opinion, in what direction will the situation in our political scene develop and how has their shift over to the KDH [Christian Democratic Movement] changed your attitude toward your political colleagues in the ODU [Civic Democratic Union]?

[Miklosko] After the elections, neither of the parties which come into consideration for me, that is, the ODU and the KDH, can win or can form a government. Neither of them can by themselves ward off the danger that is threatening Slovakia. I am convinced that if we want to strengthen democracy somehow, if we want to begin the process of crystallizing the political scene in Slovakia, then these two parties cannot get along without each other in the upcoming election period.

Recently I had the opportunity to speak with a well-known journalist from Germany. He said to me that Slovakia will not find its way out of the current isolation until it builds up structures which are in keeping with the European tradition, that is, parties and movements which have their counterparts in Europe and which establish contacts with them in Europe.

After all the dramatic transformation which the ODU has undergone in the past two years, it is beginning to be a pragmatic right-wing party, one to which I cannot comfortably belong. But the encounters with people of the type of Gal, Zajac, Porubjak, Butora, and Tatar are among the great experiences of my life. One can reproach

them that they saw some matters differently than other people. Fedor Gal for the entire two years went directly to the heart of things. He also persisted in this attitude toward life in Prague. He is one of the few politicians who openly went against Klaus. He called him an authoritarian type of person. I do not know whether he did not even use the word "dictator," which greatly disrupted their personal relationship. F. Gal does not look out for himself, his family, or his future, but when he thinks he has to express himself on something, he does. Maros Porubjak at this moment is some kind of "last Mohican" of the old VPN [Public Against Violence] and brings something of the old revolutionary times into the newly formed ODU, something between pragmatism and an integral humanistic view. During the crisis which occurred last year after the recall of Prime Minister Meciar, I was the one who convinced Maros Porubjak to get into politics. In the case of Porubjak, this was perhaps one of the most difficult separations because I pulled him away from his beloved theater.

[Muchova] How do you explain the fact that the people about whom you were just speaking are unpopular with the public?

[Miklosko] The VPN lost something of its popularity right after the revolution when it began often to proceed in a somewhat authoritarian manner. I know that at that time many good people retreated from the disappointment with Jirasek. This was in January, February, and maybe March of 1990. The VPN was not able to hang on to a broad circle of people and was not able to speak for them. It was just at this time that a group headed up by Gal entered into the political process and tried to change the situation.

The second time that the VPN lost part of its prestige was when it approved the language law. The Slovak society has still to this day not digested that. That was the beginning of my political career, a very pitiful beginning. Not even I can yet walk the streets feeling totally good. Time is showing, however, that the language law could not have been accepted otherwise. After all, we know what strict requirements the European Community today places on countries such as Croatia, Slovenia, Latvia, and Lithuania for preserving the rights of their minorities. There was no other possibility than to go the route of the European standard. That was the second serious blow when the VPN had to bear.

The third came up at the time of the crisis with the prime minister, V. Meciar. It was the VPN that initiated his recall. While the language law occupied the parliament for the first half of the year, then the problems surrounding Prime Minister Meciar occupied the parliament for the entire second half of the year. Then the next six months came with its constant efforts at issuing a declaration on sovereignty in the Slovak parliament. Again it was the VPN which did not accept this approach, since it was aware of the threat of a situation with two legal systems, which is only a step away from chaos and anarchy.

[Muchova] In these three conflicts, the coalition was on one side and on the other there was some kind of movement by the populace which was initiated by other political parties and which did not contribute to the popularity of the VPN....

[Miklosko] I think that there is yet another factor here. The VPN was the winning party and after the elections, instead of the expected absolutely rapid transformation and economic standards which would remind us of the West, there was a very unpopular period in which unemployment and insecurity grew and people began rightly to doubt the correctness of the path along which the VPN was travelling. Every victorious movement takes on its shoulders whatever problems arise. It would be biased if I were to say that the VPN did not make any mistakes and that it is a matter of just a great misunderstanding. I think that the VPN could have acted otherwise than the way it did in those three or four pragmatic decisions. (The fourth being the consequences of the economic reforms.) What it could have done, and here it made some mistakes, was to take sufficiently into consideration the nationalist element which exists in this society and is not just a fiction made up by the Slovaks. The Slovak populace needs to have someone speak for it in the sense of the Slovak character. But how to take that in one's grasp and direct it so that what is Slovak at the same time remains also universal?

[Muchova] But people are convinced that as a politician you do not have a feeling for that Slovak character.

[Miklosko] I bear that national element within me. I got involved in this area in the "samizdat" publications in the 1980's! The first time that the song "Who Burns for Truth" and the national anthem were sung was at pilgrimages that we totally organized. At that time the boys from Kmetov gathered in Nitra with the Slovak flag for security. Despite this, I am convinced that at that time it was first of all necessary to strengthen democracy and not to let an alternative regime take power. As far as possible, we needed to do everything to ensure that parties won which had a stable, let us say, ideology (even when it was a little distorted) and a clearly established goal. Alongside them, there will still be nationally oriented parties which will have primarily a nationalist program in their platforms.

[Muchova] No one doubts that Europe is a Europe of nations. This means that the emancipation problem cannot be avoided by Czecho-Slovakia or by Slovakia within it.

[Miklosko] It is really true that Czecho-Slovakia has remained the last multinational state in the entire region. It bears the entire schizophrenia that currently marks Europe on itself. On the one hand, the process here is a kind of integration where the joint economic market is beginning to be transformed into unification. On the other hand, we see the movement toward the breakup of entities into national states.

Slovakia cannot allow the second collapse of its statehood in the course of 50 years. It still carries the trauma of 1945 until today and therefore we are placing emphasis on strengthening democracy. At the same time, we perceive it to be the sole possible method of unifying the opinions of the populace. What has actually got us so stirred up? Why do some people want an independent state or at least a confederation and other hate even the idea, are threatened by it, and say that they will emigrate? It is uncertainty and a fear of a nondemocratic system, a fear that we could again have a system here that can oppress anyone. It is fear of an authoritarian regime. Democracy is therefore an essential element right at this moment. But at some point, and I am convinced that it will be before the end of this century, the people of Slovakia must state perfectly clearly how they want to live; I am convinced of this.

[Muchova] You have already said that you bear the burden of a certain lack of understanding by the public. Your most recent actions, however, indicate that you intend to stay in politics. What contributed to this decision of yours? Did you have any temptation to return to work which is less exposed socially? And a question that derives from that; people often doubt whether a person can stay clean in politics or whether they do not get involved in various calculations and machinations.

[Miklosko] A politician should preserve such a degree of freedom as will not cause him to swerve off the path that he wants to travel. In politics this freedom is found when a person does not have to be at the seat of power and does not have to be popular, but rather goes step by step towards what he thinks should form his political line.

Can a person stay clean in politics? I think that he can. The more that I get into politics, the more I see what enormous danger there is surrounding the entire movement. Somewhere here the world of idealism ends and the person struggles day to day with unbelievable facts. If, despite this, a person should not remain clean, then he should get out of politics.

[Muchova] In the political process there occurs the discovery of ideas and a person's character and there are changes in people's attitudes....

[Miklosko] It is people's fate that forms one aspect of the dramatic nature of this matter. What happened two years ago in Slovakia, the resignations and the downfalls, can hardly be compared with anything in decades. Friendships which had been built up over years all at once fell apart. Something will have to be written about this someday. The personal relationships formed a hidden part of the Slovak political scene. People who had worked together for many years all at once broke off from one another. Relationships which before then had been cordial became dramatic.... I ask myself, "Where is the error? What is the problem that people had such a brief time in the sun?" I answer myself this way: People who lived through the experience of having entire

squares full of people shouting their praises were after that experience exposed to the enormous temptation of power and it is very difficult for them to withdraw from the political scene, as is commonly seen in the West. They wanted to grasp the momentary trend and ride the wave, primarily to fulfill their own personal aspirations. Of course, time will tell who made such a decision and thought things over. I am not trying to be a judge, but just an observer.

[Muchova] The public is very sensitive when they see that someone wants to misuse political power and to strengthen their own positions. They often suspect today's governmental elite of wanting to stack up property while they are in power. Would you be capable of publicly distancing yourself from sleazy practices if they were used by your close political partners or friends?

[Miklosko] Truthfully, I have never experienced such attempts. It amazes me how these rumors get started about the newly affluent. I do not know about that. I tell you honestly, I do not know even one person who would have stuffed his own pockets. I think that any entrepreneur or representative of a Western firm today makes more than a minister or the chairman of the SNR [Slovak National Council].

There have been rumors, for example, about the Carnogursky brothers. Any time that I have taken an interest in them I have found that they have no basis. The prime minister of the government is not active in the economic sphere at all. He is a person who lives only for politics. I know that his brother is involved in economic matters. He is the director of Hydrostav and his son is a representative of the Austrian People's Bank in Slovakia. Everything else that people are talking about is pure fantasy. In this area we are completely open with each other. If something like that had been going on, the deputies would have long since made an outcry about it. After all, in parliament they bring up even the smallest details which could create a scandal for the coalition. We rather are witnessing a situation where people who in the past lived private lives are today forced to live this way. And people who in the past amassed their money in whatever manner are today engaged in privatization. From where can a private person get 300 million?

Attention is not always justifiably turned to today's governing politicians. Other than the fact that they have cars and their salaries are not so small, I see no other advantages. I would say rather that the newly affluent are being cultivated in the economic structures. Whoever in the future has the economic power within his grasp will also have control of the political power.

[Muchova] What steps should still be taken in the parliament before the elections?

[Miklosko] The SNR and its leadership as the collective head had a number of plans which they wanted to carry out. The creation of laws is such an enormous task that we probably will not be able to fulfill the entire legislative plan which the government began. This is already

the April plenary session which is concentrating on the most important laws. What else we can accomplish should be to take a position of the 40 years of communism. We should enumerate there all the events, all the waves of arrests, and, as far as it is possible to comprehend them, the main features of the moral and spiritual devastation. It is the duty of this parliament to do so. These would be the warning signs for the future against the possibility of a return of any kind of authoritarian regime.

This parliament should also ensure a peaceful and democratic process for the elections where the baton is passed to another parliament. I have a deep-seated optimism in me which perhaps does not come from any public opinion poll, the historical optimism of the path of this country's populace. Let us look at the small details which I would call the signs of the times, which always in the end show, whether a person wants it or not, on which side the scales will finally come down. I have the feeling that it is inclining toward the good and that is the deepest source of my internal optimism and composure.

[Muchova] Are you prepared for the fact that you may find yourself in the opposition after the upcoming elections?

[Miklosko] In that area, I am prepared for anything; the elections will tell. Each party wants to win because it wants to have a part in forming our future lives. There are only two alternatives before me; either a coalition position or one in the opposition.

#### Information Sources on Sudeten German Opinion

92CH0564A Prague RESPEKT in Czech 3 May 92 p 9

[Article by Peter Becher, secretary of the Adalbert Stifter Society in Munich: "A Broad Spectrum of Views Among Sudeten Germans: Partners Thus Far Overlooked"]

[Text] The reasons are different, but the results are almost identical: Ever since the political changes in 1989, more has been written in both German and Czech newspapers about the Sudeten German question than ever before, but the picture of the Sudeten Germans themselves remains remarkably shallow and emotional. The reader is still getting the impression of a dark conspiracy, in whose center sits like a black spider the Sudeten German Landsmannschaft [association of refugees and expellees], busy organizing a march into the lost homeland. Such view is regrettable, because it is ideologically obfuscating instead of critically illuminating, because it demonizes the Landsmannschaft instead of indicating the limits of its sphere of activity. Moreover, it is also harmful, because it undervalues other Sudeten German institutions that are extremely active culturally and politically, and that in part follow substantially older traditions than the Landsmannschaft.

Who, for example, knows that the Munich-based Adalbert Stifter Association has been in existence for more

than 40 years, and as a Sudeten German cultural institute belongs among the most active intermediaries between German and Czech cultures? That is the way it was during 1968-69, when the then acting secretary Johanna von Herzogenberg established, together with other intellectuals, a "flying office" to provide help for emigres from Czechoslovakia, and nothing has changed to this day. Already before 1989 such personalities as Eduard Goldstucker, Jiri Grusa, and Ota Filip were guests in Munich. In January 1990 the Adalbert Stifter Association organized the first post-November trip of Ludvik Vaculik to the West, and in the fall of 1991 the first Czech theatre festival in Germany. Shortly after that, the chairman of the Association, Stuttgart sculptor Otto Herbert Hajek, accompanied German President Richard von Weizsaecker on his visit to Prague. There is only one thing wrong with this program: A Czech newspaper reader learns only very little about it, a German reader practically nothing. For the public the Adalbert Stifter Association does not exist. The Collegium Carolinum and the Ackermann and Seliger Associations find themselves in a similar situation.

The Seliger Society follows the oldest tradition, the tradition of the Sudeten German Social Democracy. Who today still knows that Ludwig Czech, for a long time the chairman of this party during the First Republic, was elected deputy chairman of the Czechoslovak parliament in 1920? His life ended in 1942 in the Terezin ghetto. The Sudeten German Social Democracy was the only German party that fought to the end for the preservation of the republic, supported refugees, and was itself in the end persecuted by the Nazis. Its members were sent to concentration camps, executed, forced to emigrate, and after 1945 were expelled like almost all other Sudeten Germans. Volkmar Gabert, the present chairman of the Seliger Society, spent the war years in exile in England, and later became chairman of the Bavarian SPD [Social Democratic Party] and a deputy to the European Parliament. He is one of those Sudeten German personalities who, by virtue of their past and their moral integrity, are literally predestined to take part in negotiations. There is only one thing wrong with this involvement: A Czech newspaper reader learns only very little about it, a German reader practically nothing....

The most active and influential institution is the Ackermann Society, an association of German Catholics. It is practically impossible to enumerate everything that their representatives have done for the Czech Catholics and for reconciliation between the Sudeten Germans and the Czechs—publicly as well as covertly: the longtime chairman Josef Stigl, his successor Herbert Werner, Father Angelus Waldstein from the Ettal Monastery, or Secretary General Franz Olbert. The scale of their activity runs the gamut from gifts and personal support to seminars, lectures, and publications. In December last year, the Ackermann Society published a proclamation by Sudeten German and Czech Catholics, which says, among other things: "Among the Germans and the Czechs, people of good will predominate. But they must

not keep silent, because German-Czech relations as neighbors must be successful!" There is only one thing wrong with this proclamation: the Czech newspaper reader....

On the international scale, the Collegium Carolinum is considered to be one of the most renowned scientific institutes for the history of the Czech lands. In cooperation with historians from all European countries, the United States, and Israel it has contributed in its annual meetings, monographs, and half-yearly journal *BOHEMIA* to the study of the German-Czech past more than any other institution. For years it has maintained contacts with Czech historians in exile as well as in Czechoslovakia proper. That, too, was the reason why its chairman, Ferdinand Seibt, together with Otto Herbert Hajek, was an honorary guest during the Prague visit of the Federal president. Moreover, Seibt is an influential member of the Czechoslovak-German Commission of Historians. There is only one thing wrong with this highly sensitive and far-ranging activity....

The Collegium Carolinum, the Ackermann and Seliger Societies, and the Adalbert Stifter Association represent a voice that should be listened to, and their importance should be considered. It concurs with the Czechoslovak-German agreement, because for them it represents the necessary solution. They are coming to terms with the Nazi past self-critically, and they strive for a conciliation between the Sudeten Germans and the Czechs. They maintain contacts with Czech artists, writers, scientists, politicians and religious leaders in a way that nobody else in Germany does. They not only study the history of the Czech lands, they also preserve part of the Czech tradition. They not only know this country, they also love it. They are waiting for the day when in the coming years they will be recognized as partners, in Germany as well as in Czechoslovakia.

#### **Response to Professor's Criticism of Nationalists** 92CH0562A Bratislava *LITERARNY TYZDENNIK* in Slovak 11 Apr 92 p 13

[Article by Eva Kristinova: "About 'I Cannot Help Being a Brit'—Responses to a Letter by Professor B. Pynsent on Renaming Communities in Slovakia"]

[Text] Dear Professor:

I cannot leave our letter to the editor concerning the change of names of communities in south Slovakia (*LITERARNY TYZDENNIK* No. 9, 1992) unanswered. Excuse me, but your contribution confirms that in all probability you have no more than secondhand information about Slovakia, about the Slovaks and about Slovak problems.

After all, you cannot compare the Slovaks in south or southeastern Slovakia with the English residing in Ireland, Scotland or Wales. The Slovaks in Slovakia may only be compared with the Irish in Ireland or the Scots in Scotland. You in Great Britain probably do not have

such naturally intermingled ethnic areas as is the case on the European continent and perhaps most of all, in central Europe. The commingling of Slovaks and Hungarians is mainly the outcome of the Turkish wars which continued for 300 years. First, the Hungarian nobility escaped with its subjects before the Turks from the lower regions of Hungary to Slovakia (which was then called *Felvidek*—Upper Country). After the Turkish wars, some of their descendants remained in Slovakia (in its south and southeast) and some returned home in the Lower Country. Their numbers were too small to revitalize and restore the ravaged country and therefore, the king and the aristocracy resettled there the hardworking Slovaks from the Upper Country, and their persevering, almost slave labor (to which they were used from their home) cultivated the devastated fallow fields, wilderness and swamp in the Lower Country and made them fertile again.

These new settlers were not the only ones to found large Slovak regions in the Hungarian Lower Country. Since time immemorial an Old Slavic population had lived on the territory around Lake Balaton, in Matra, in the Pilis Mountains as well as in the vicinity of Esztergom (opposite to the town of Sturovo). In all probability, the first language St. Stephen, the first Hungarian Christian king, spoke was Slovak because his mother was a Slavic princess and therefore, a Christian. His royal throne was defended by the Slovaks who in the legendary battle at Esztergom defeated a rebellious Hungarian pagan army. A great poet of the Stur circle, Andrej Sladkovic, commemorated that historic event in the fourth stanza of his poem "Echo":

*...Your ancestors used to sit at the throne of Stephen,  
Their young heroes slaughtered the pagan near Esztergom.*

Obviously in gratitude for this crucial aid (for us it would have been better if we had broken our legs then and there!), King Stephen put on his royal insignia the three Slovak mountain peaks and in the middle, rising from a royal crown, a Christian cross with two crosspieces (used in Slovakia since the 9th century).

You must already begin to realize that the Slovak-Hungarian and Hungarian-Slovak problems are not as simple as you, Professor, have presented them in your letter. Read, for instance, the novel *Black Diamonds* by Mor Jokai (whose family's surname was Dobrotka). Its heroine is an indigenous, and therefore, Slovak inhabitant of Matra.

Before the movement of national awareness—and consequently, also Hungarian pressures on the non-Hungarian population—began to rise in old Hungary during the second half of the 18th century, non-Hungarians constituted a major part of Hungary's population. In order to survive, the Hungarians—perhaps because they were a minority—became aggressive, and

despite their certain polish, Hungarian politics continued to improve on this aggression which to this day is characteristic for them.

The harsh drive for Magyarization was set off by the Hungarian revolution of 1848. It is a Slovak tragedy that the leader of the revolution, Ludovit Kosut—Kossuth Lajos, was a Slovak, and another Slovak, Alexander Petrovic—Petofi Sandor, was its poet-paraclete. Their mothers died without ever learning to speak Hungarian. The drive for Magyarization gained momentum and became particularly brutal after the Austro-Hungarian settlement (Apponyi Laws) and kept escalating up to the end of World War I.

After the war Austria-Hungary fell apart. All non-Hungarian countries that had arisen from it not only complied with all international treaties but demonstrated magnanimity toward their remaining Hungarian ethnic minorities because they had experienced the cruelty and inhumanity of denationalization on their own skin. In the newly founded Czecho-Slovakia (in every international document of those days our common state appears under that name which was reintroduced in 1940 when the government of Great Britain officially recognized Dr. Edvard Benes's government in exile) we were so overjoyed about our newly gained freedom that, unfortunately, we expanded the guaranteed rights with additional privileges. Our Hungarians accepted those rights and superrights as their due because they had been accustomed always to have the upper hand. After a while they—or at least some of them—began to feel that all that was not enough, and so they started to protest before international forums. International commissions which had repeatedly reviewed their complaints thus far have come time and again and still are coming to the same conclusion: Not only are the rights of the Hungarian ethnic minority in Slovakia safeguarded but they exceed

all international agreements and charters and are more extensive than in other states, which, Professor, you can easily verify.

On the other hand, Hungary, on whose territory remained also very sizeable ethnic minorities (among them, about 500,000 are the Slovaks), continued its policy of Magyarization. Thus far, this well-tested method succeeded in reducing the non-Hungarian ethnic minorities (therefore, not only the Slovaks) to a minimum.

In our modern history we Slovaks have never had any crowned kings. However, thanks be to God, we did have our uncrowned spiritual kings. And the spiritual kingdom is equal to any royal crown, as every sovereign generous of spirit would admit. *Lese majeste* is forbidden. As an Englishman, you should know that better than we. And yet, Professor, that is precisely what you have committed; by your pseudowitty, uninformed, blasphemous "picking" on Stur you have deeply hurt our national feelings.

Would you do me a favor and read, if nothing else, at least Stur's address to the Hungarian congress in 1848. Even today his democratic position is quite exemplary, but if it and his tolerant attitude toward all nations and his almost contemporary sense of the necessity of mutual understanding cannot convince you, then nothing will persuade you that any town, not to mention the towns in Slovakia and especially on the ethnically mixed territory of Slovakia, should consider it an honor to bear the name of that great Slovak, democrat and humanitarian, Ludovit Stur.

If your misstep that has hurt us so profoundly, and my reaction to it will compel you to acquaint yourself with that great personage of the Central European process of democratization, we shall gladly forgive you.

**FIDESZ Urges Revision of 1992 Budget***92CH0577B Budapest MAGYAR HIRLAP  
in Hungarian 6 May 92 p 11*

[Article by S.P.: "Association of Democratic Youth Urges Budget Revision"]

[Text] FIDESZ [Association of Democratic Youth] representatives Mihaly Varga, Laszlo Madi, and Janos Ader made it unambiguously clear at their press conference yesterday that the budget must be revised. It would be advisable for the government to submit the revision to parliament before the summer break. The FIDESZ representatives pointed out that during and after last year's budget debate they continually posed questions to the minister of finance, because they believed it was evident even then that the budget would show a deficit for the first quarter and not just for the entire year. According to the FIDESZ representatives, only Minister of Finance Mihaly Kupa opposes a budget revision. Ministry of Finance undersecretaries Zoltan Nagy and Tibor Pongracz support it.

It is also necessary to revise the budget because payment of expenses for the Solidarity Fund brings us dangerously close to the limit of tolerance, and discipline is inadequate, claim the FIDESZ representatives. Our correspondent asked whether it is worthwhile to submit to parliament a budget revision considered reasonable by others. Yes, because during the autumn session in October the representatives must concern themselves with the 1993 budget and because neither a public finance management law nor a new financial guideline law necessary for the privatization package has been introduced into parliament. The FIDESZ representatives were of the opinion that in Germany in such a case where revenue and expenses are out of sync, the government immediately submits a revised budget on the strength of a statement from the State Audit Office.

According to FIDESZ, we lack not only public finance management and financial guideline laws but also a law that defines the rights, responsibilities, and profit-and-loss statements of the State Audit Office. The FIDESZ representatives unanimously attribute the lack of financial guidelines to the MDF [Hungarian Democratic Forum] Monopoly Group.

The FIDESZ representatives do not consider sound the SZDSZ [Alliance for Free Democrats] proposal concerning interest on housing loans. As everyone knows, the SZDSZ proposes that either the principal be restored to the original sum—on which 3-percent interest must be paid—or the reduced principal stands but the monthly payment increases by 1,500 forints. According to FIDESZ, this proposal is faulty and partly unconstitutional, and because it was introduced by Bekescsapa representatives, it probably serves a political purpose in the Bekescsapa by-election.

**Delays Encountered in Privatization of MALEV***92CH0557A Budapest NEPSZABADSAG in Hungarian  
23 Apr 92 p 5*

[MTI report: "Privatization of MALEV Is Delayed"]

[Excerpt] Transformation of the state-owned Hungarian Air Transport Enterprise (MALEV) into a joint-stock company will occur in the second quarter of 1992, a few months later than previously planned, said MALEV spokesman Peter Karasz in response to an MTI [Hungarian Telegraph Agency] inquiry.

Last December, as everyone knows, the State Property Agency (AVU) named the first quarter as the start of the transformation process. The AVU also approved a list of MALEV's potential partners just last year, and on the basis of this list the consulting firm Credit Suisse First Boston (CSFB) informed nearly 60 airlines of the impending move.

Even though talks have begun with several airlines regarding MALEV's planned marriage and privatization, the rumor quite firmly persists that the only likely partner is the Dutch KLM. This story is supported by the fact that the two airlines have enjoyed a fruitful relationship for years in the transport of both goods and passengers. According to Dutch sources, the marriage is described as advantageous by insiders on the Amsterdam stock exchange. However, in view of how MALEV successfully overcame the obstacles of market change and—unlike many large airlines—managed to maintain its profitability last year, other firms are very interested in the Hungarian company.

The MALEV directors have repeatedly pointed out that they will wait for the most opportune moment and not hurry the marriage. Thus the only thing certain is that privatization of the company will take a few more months, and even after the marriage the state will remain a majority owner. After the expected increase in capital, it is likely that about 30 percent of the stock will remain in foreigners' and 10 percent in workers' hands. Later, the leftover stock will be offered publicly to the general population and to foreign and domestic investors.

**Kupa Refutes Charges of Intervention, Restriction***92CH0577C Budapest MAGYAR HIRLAP  
in Hungarian 6 May 92 p 10*

[Article by Laszlo Hajnal: "Mihaly Kupa: Patience Is Needed More Than Action"]

[Text] It would be dangerous if we continued to interpret the economy in political terms, and we must do everything we can to stop it, said Mihaly Kupa, among other things, at the national session of the Hungarian Economic Chamber held yesterday. The minister of finance just partly agreed with the Chamber statement concerning this year's economic events. He said that in many cases the published statistics did not conform with the truth. At the same time, he admitted that the

macroeconomic slump promises to be deeper and last longer than the government originally predicted, and 1992 will be a year of stagnation. But Mihaly Kupa refuted those who accused the government, including the Ministry of Finance, of restrictive policies.

You cannot talk about restrictions, he said, when the budget deficit is the size it is, interest rates are low, the state guarantees 20 billion forints in credit for agricultural production, taxes are not raised, and the turnover tax on investments is discontinued. Concerning the shrinkage in output, Mihaly Kupa agreed with the view expressed by academician Janos Kornai a few days ago that Hungary's industrial production will inevitably drop as long as market conditions justify it. In this connection, the minister of finance issued a special warning against those who fashionably advocate economic action through artificial intervention by the state. He believes that every single developing economy that chooses this route fails in the attempt. This is why Mihaly Kupa urges patience. As he says, action requires resources, and the latter are available only in very limited amounts.

But development or, if you will, action is possible in two areas, thinks the minister of finance. The pace of privatization can definitely be accelerated: it is mostly a matter of administrators' becoming faster and more determined. In the broad sense, there are also excellent opportunities for infrastructural investments. But it is cumbersome to use the foreign resources set aside for this, and in many cases the proper plan is lacking, said Mihaly Kupa.

### **Regional Telephone Companies' Situation Analyzed**

*92CH0549A Budapest HETI VILAGGAZDASAG in Hungarian 11 Apr 92 pp 98-101*

[Article by Gergely Fahidi and Bela Weyer: "Telecommunications Companies—A Trip to Matavia"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] Unlike telephone lines, regional telephone companies are multiplying spectacularly in Hungary. MATAV [Hungarian Telecommunications Company] is not involved with most of them and, thus, investors are forced to take quite a risk for, according to statutes in effect, only MATAV has the right to operate a telephone network. It will depend on the new telecommunications law whether Instrument Technology, for example, has started the venture of the decade or will only pull MATAV's chestnut [out of the fire].

If there are fewer than 8,000 telephone lines in a district with a population of 100,000, and part of even these are public lines, then it is rather bold to promise that anyone who now pays 15,000 forints will have a telephone installed by the end of next year. Yet this is exactly what Palotacom, Ltd., is promising the residents of Budapest's District V, Rakospalota, Pestujhely, and Ujpalota.

And it is doing so not without success: According to information given by Palotacom, Ltd., executive director Vilmos Germadics, already more than 10,000 residents of the northern Budapest district, which is considered a "white spot in telecommunications," have submitted applications, and the number of those who have already paid the 15,000 forints is between 3,500 and 4,000. This number will no doubt increase during the coming days: The 15,000-forint offer expires on 15 April, after which applicants will have to pay 22,000 forints. Palotacom, a limited company with a 10-million-forint capital, was formed on 30 December of last year by the district government with a 50.1-percent share and by Muszertechnika with a 49.9-percent share. However, a notice signed by the Budapest Telephone Directorate of MATAV was published in the district's advertisement paper in early March, stating that "MATAV knows nothing of the Palotacom's concept of developing the area's telecommunications, the possibilities of implementation, or the limited company itself. Consequently, MATAV will not assume any obligation whatsoever related to the activity of the aforementioned company."

Since then, the main reason for local residents to pay a visit to the office of Palotacom, Ltd., has been not so much to inquire about the technical details of telephone installation but rather to ask the simple question whether there will be telephones at all and whether they should pay the required sum of money without worry. "I tell everyone that yes, there will be," says Vilmos Germadics, demonstrating his optimism. Optimism is indeed needed for this statement because, according to the present statutory regulations, it is conceivable that Palotacom can build the telephone network and the local switchboard, through which the local residents could talk splendidly with each other but could not call outside the district boundary, for MATAV is not obligated at present to guarantee a connection to the national network.

The basic question is, how it is possible to promise a telephone line for 15,000 forints when earlier, even in the so-called self-financed developments, MATAV did not go below 40,000 [forints] for each party line or below 60,000 [forints] for each private line? Instrument Technology Vice President Zoltan Tanko is far from stating that the telephone lines can be built for this amount of money; however, the goal of these developments is not immediate returns. Instrument Technology has formed 13 stock companies similar to Palotacom, in every instance allowing the local governments majority shares, and in every instance arriving at the conclusion that one cannot, nor does it pay to, organize a company with a subscription fee of 40,000-60,000 [forints]. A survey was conducted in Berettyoujfalu and vicinity, according to which a subscription fee of 50,000 forints drew 3,500 potential subscribers, while a subscription fee of 20,000 forints already drew as many as 25,000. "The point is not to have subscribers pay a large sum at the beginning but to have them make many calls as soon as they have

their lines," says Zoltan Tanko, summarizing the recipe for enticement and subsequent successful operation.

If not with future subscribers' advance payments, then with what monies does Instrument Technology want to finance the 35-billion-forint investment for about 200,000-300,000 lines, promised nationwide for late 1993 or early 1994? Zoltan Tanko describes his concept, which consists of a four-component "investor's milkshake" as follows: a foreign professional investor with experience in operation and service; several foreign financial investors; one or two domestic banks; and, finally, Instrument Technology itself, providing this large venture with a technological base and, of course, labor. However, when these potential partners—whom Tanko does not wish to name at this time—also inquire at MATAV, their enthusiasm quickly diminishes. Zoltan Tanko is not vexed. As he says, if he wore the shoes of the MATAV executives, he, too, would strive to preserve his firm's monopoly as long as possible. "It does not matter that their three-year development plan includes a general promise of cooperation with local networks, for in concrete instances they always say no," says Tanko, summarizing his experiences.

Also, it is only the telephone situation in Hungary that allows the "stunt" of pulling District XII's free democrat mayor and its MDF [Hungarian Democratic Forum] parliamentary representative into the same camp. On 18 March, Gabor Sebes, mayor of District XII, and Gyula Pota turned to the MDF's Monopoly Group for help in breaking MATAV's monopoly. Three days later it turned out that Bela Horvath, who is not exactly considered a moderate in the MDF, submitted within his faction—also in the interest of telephone development—an "internal interpellation" to Minister Csaba Siklos who is also responsible for telecommunications. One thing wrong with this peculiar political stand is that, according to Bela Horvath, his action was called a "blood council" and a "bolshvist method" by Gyula Zacsek, the Monopoly Group's tone-setting personality.

MATAV enraged the residents of the two Buda districts without telephone by not having made any statements regarding its willingness to join, at least symbolically, the joint telephone company. True, MATAV's role of co-owner in a local telephone company—as the Palotacom affair indicates—is not a legal prerequisite anymore but, in practice, the organizers think that this would be an assurance against this large company's abuse of its monopoly in connecting the local network—once it is built—to the national network.

Thus, the lines of fate and the fate of lines will be determined by MATAV's delicate palate. For instance, MATAV—a state monopoly—joined Kontrax Telekom and the involved local governments, with 32.5 percent, to become co-owner of First Telephone Company of Pest [FTCP] where, it is said, the fact that Kontrax added its own 700 million to the capital stock of 2 billion is also a kind of guarantee for MATAV. FTCP—active in Budapest's districts X, XVII, and XVIII—also promises a total

of 94,000 lines by the end of 1993. There are indications that, even from other aspects, Kontrax has acquired some advantages over Instrument Technology: at the beginning of this week, they signed an agreement of cooperation with Helsinki Telephone Company (HTC), from whom they want to learn, among other things, how to operate local digital networks.

Aside from FTCP and Balatel—a company in the Siofok region, with 57.5 percent MAV [Hungarian State Railways] ownership—no one has yet been able to jump over the MATAV crossbar. "This large company will not back gambles," stated MATAV executive Peter Sziraki, responsible for coordinating MATAV's external investments. According to its policies regarding the establishment of local companies, from now on MATAV will promise only things that it can honor and, for this reason, it will join only companies which can prove that they have the capital and professional know-how necessary for building its planned network.

Sziraki thinks that one reason why inadequate cooperation with small ventures with stock capital of a few million forints is cause for concern is that, in his opinion, no modern network can be built with the 15,000-20,000 forints received from each telephone subscriber. MATAV people predict precisely what they could prevent, namely, that some entrepreneurs will go bankrupt in building telephone lines and, if MATAV is involved—even to the tune of just a few pennies—in such a "hemorrhaging" company, the partners would expect the big company to accept responsibility for the failed partner and live up to the latter's promises from its own resources. MATAV executives say that the investment requirement of a sensible-size local telephone company, e.g., one serving the needs of one or two Budapest districts, is 4-6 billion forints and, although MATAV has about 120 billion forints for a three-year development program, it does not have any reserves for accepting the risks of choosing a bad partner.

Sziraki did not confirm—but neither did he deny—building MATAV's Zugliget switchboard jointly with an outside entrepreneur, estimated at 4 billion forints. Almost every larger domestic telecommunications enterprise as well as several foreign firms applied to the mayor of District XII, offering to meet the demand of every subscribing Zugliget area resident. The apparently most serious negotiations are being conducted with Di-Tel, a firm backed with Austrian capital, but Peter Sziraki says that it is still uncertain whether this promising partner has the necessary money and professional background. Other bidders, e.g., Nynex, which operates New York's telephone network, would allegedly be willing to build the network even without MATAV's—perhaps only symbolic—participation, but the investor would in this case assume a great risk, for at present he only has the right to build the network without being able to enjoy its fruits. Operation is a MATAV monopoly, and it will depend on the future telecommunications law whether MATAV will continue to enjoy this monopoly.

Muszertechnika also assumed a great risk: if it will be unable to fulfill its promise, it will have to face 200,000-300,000 angry people demanding their money back instead of the same number of satisfied telephone customers. "We are aware that Muszertechnika's reputation depends on this case," stressed the firm's executives. Thus, they will not touch the accumulated 15,000-forint subscriptions (which will be put in a separate account) until the financial and legal background is created.

The telecommunications law—this is the repeated refrain. In order for the telephone companies, which are set up throughout the nation, to adhere to the promised deadline of late 1993, the telecommunications law must be legislated by April or May at the latest. If the legislation is delayed until September or October, then a delay can be expected in the telephone affair as well, which would be annoying not only for the citizens waiting for telephones and the risk-taking investors, but also for the local governments which cannot hope to show any achievements in the present election term,

other than a certain level of telephone network development. The fact that the telecommunications bill, designated as "urgent," has been awaiting its turn on the agenda since mid-February, is not very reassuring either.

The proposed bill promises that in the future the right to provide telecommunications services will be obtainable only through a license, and MATAV—100 percent of which is still owned by the state which in the long term is expected to own a majority share—will not be the only one to have this license. Thus, theoretically it could happen that, say, Palotacom acquires a license to operate in Budapest's District XV, in which case it would also provide service to MATAV; in the opposite case, MATAV would be required to cooperate. Still, the bill's present wording would offer some "relief" to MATAV, a state enterprise which hitherto enjoyed exclusive rights, namely, by allowing it to operate without license for two years after the law goes into effect. "This way MATAV creates a status quo, and by the time its legal monopoly ceases, it will have built a technological monopoly," grumbles Zoltan Tanko. Tanko has a ready reply for arguments in favor of technological uniformity, namely, that the means for it have already been long invented, and they are called standards.

**Failure To Attract Foreign Capital Examined***92EP0394A Warsaw RYNKI ZAGRANICZNE in Polish No 51, 28 Apr 92 p 7*

[Article by Grazyna Kopelko: "How Are We Encouraging Investment in Poland?"]

[Excerpts] In recent weeks during the meeting of the Sejm Commission for Ownership Transformation, a law on joint ventures was discussed. A majority of the deputies noted, the new law on partnerships with foreign participation (14 June 1991) has not caused a significant increase in interest by foreign capital in forming partnerships in Poland. Moreover, due to the changes in regulations and the liquidation of the Agency for Foreign Investment, no one could determine exactly how many of them there are, in which industries they are active, and how much capital they have contributed. [passage omitted]

**A New Law: Better, But**

At present, discussion continues about how to make us more attractive as a business partner. It seems that the shortcomings of the law on joint ventures are not at all the most important obstacle limiting the flow of capital into Poland. The law of 14 June 1991 has permitted a large step forward in comparison with the old one of 1988. In particular, foreign partnerships gained the right of complete transfer of profits (that applied also to foreign employees of these partnerships); the capital minimum was removed (previously \$50,000); and payment of compensation was guaranteed in case of nationalization. Also, tax exemptions for those enterprises were ended (previously there was an exemption from income taxes for three years).

In the opinion of specialists from the Institute of Finance, it would be more useful to Polish partners than to foreign investors. It was not surprising that during the three years of operation in "eldorado" tax conditions, even failing enterprises could achieve financial success. Obviously, one can seek a tax exemption through individual negotiations at present. It can be given only to those firms that have contributed at least 2 million ECU [European Currency Units] to an enterprise and that introduce modern technology or to those that intend to begin operations in a region with high levels of unemployment. The minister of finance can also decide to reduce taxes in cases where 20 percent of the production of the enterprise is earmarked for export by the minister of finance when recommended by the minister of ownership transformation.

Privileges for taxes on dividends have also been liquidated. The positions have been made equal; now joint ventures and Polish enterprises pay a 40-percent tax on dividends (previously there was a 10-percent difference in favor of joint ventures).

**What Have We Achieved?**

The incomplete data show that at the end of 1991 there were about 4,800 partnerships with foreign participation in Poland, and they had contributed capital valued at \$700 million. The majority of them (90 percent) operate in the material production sphere: industry (43 percent), construction (6.6), agriculture (1.3), transportation (4.3), trade (24.0).

Let us look again at their distribution. More than 70 percent of the partnerships have located in the six large voivodships: Warsaw (about 30 percent), Poznan (8.7), Gdansk (6.5), Szczecin (6.0), Katowice (5.6), Lodz (4.3), which would confirm the thesis that the strong attract the strong.

The percentage of the partnerships in the formation of income in 1991 was not quite 1 percent. The proverbial drop in the ocean. Structurally, in selected industries, the situation is as follows: construction 1.3 percent; industry 1.2 percent; trade 0.5 percent; transportation 0.2 percent. The joint ventures have, however, achieved a greater profitability among the economic subjects, divided according to form of ownership. In 1991, it was 42 zlotys [Z] (the rate of net financial performance per Z1,000). That would confirm the thesis that they are efficient enterprises that arouse competition and will show how one should work. On the other hand, we should remember that many of them have benefited from the tax exemptions awarded prior to 14 June 1991.

The data of the Institute of Finance, small investors love us who have contributed the minimum of \$50,000 required by the law (they make up 60 percent). [passage omitted]

**Why Are They Not Coming?**

Foreigners see us as an economically unstable country in which social confusion reigns. The two main reasons for their absence in Poland, however, are the state of our industry and the inability to purchase land and real estate. The first does not concern the relic of our economy (outdated technology, low productivity) but the legal status of an enterprise.

The Institute of Finance is of a similar opinion. It says that no one wants to bear the "baggage" in the form of great loads in the social area because it does not pay.

"Every meter of table cloth or other product cannot include costs associated with the employee's nursery, preschool, vacations, plant heat generation," says Ewa Sadowska-Cieslak of the Institute of Finance. "The problem, however, is that while, on the one hand, a Western firm does not want them, on the other, there is no one to take them over. The voivode has no money; and one can hardly count on foundations when there are so few." [passage omitted]

In the opinion of specialists, we should especially eliminate the barriers existing within the country. We should reduce to the minimum both administrative barriers

(questions of purchasing land or real estate) and put the status of enterprises in order.

According to the law of 14 June 1991, the Agency for Foreign Investment Affairs was to be replaced within three months by a stock company whose only holder was to be the state treasury. The State Agency for Foreign Investment, Inc., was registered with the court only a few weeks ago, and it is difficult to speak of the results of its activities. The task of the agency will be, among other things, to promote Poland around the world, facilitate foreign entrepreneurs' investments in Poland, and make foreign loans available to Polish firms, including ones from the PHARE [Economic Restructuring Aid for Poland and Hungary] foundation and the World Bank. In the opinion of many specialists, the failure to promote Poland abroad has caused those to come to us who want to and not those whom we would want to come to us.

We have an opportunity to change our image in the world. The offices of the Center for Promotion of the National Chamber of Commerce being formed abroad and the reorganization of the Bureaus of Commerce Advisers are to serve this end. Expo '92 in Seville is undoubtedly a good opportunity.

Further, we still have much to do in the area of agreements to avoid double taxation and agreements on the support and protection of investments. So far, Poland has signed agreements on the avoidance of double taxation with Austria, Germany, Pakistan, the United States, France, Sweden, Belgium, Great Britain, Ireland, Denmark, Malaysia, Finland, Norway, Holland, Spain, Japan, Thailand, Yugoslavia, Sri Lanka, China, Italy, India, and Canada.

On the other hand, we have signed agreements on supporting and protecting investments which guarantee treatment of foreign subject operations on the territory of another state on principles of mutual equality with Great Britain, Austria, China, Korea, France, Italy, Belgium, Luxembourg, Germany, the United States, Kuwait, Canada, Turkey, Israel, Norway, Denmark, Finland, Sweden, Switzerland, Holland, and Austria.

Certainly more time will pass before we convince the world that we are a reliable partner and that it is worthwhile to cooperate with Poland. For us, it is most important that happen as quickly as possible. It is, however, clear that it will not happen without our participation. Having both politicians and businessmen become aware of this fact in the near future would certainly help in quickly restructuring the economy with the help of foreign capital and not in isolation.

**Need for Antiterrorism Legal Regulations Stressed**  
92EP0373A Warsaw POLITYKA in Polish No 17,  
25 Apr 92 p 3

[Article by Anna Bilka: "Terrorism in Poland: If There Is No Definition, Then There Is No Case"]

[Text] On 24 March police officer Marek Kracik entered a new Polonez Caro, the pride of the police station in Raba Wyzna. He parked in front of the station. He looked under the car and noticed, attached to the chassis, a package with wire wound around it. Inside the package were a Soviet alarm clock, a fuse, a battery, and two 200-gram cubes of compressed TNT.

The clock was set for 2215 hours. The policeman averted an explosion by 300 seconds.

Last year the police intervened 922 times upon receiving reports of bomb alerts. In 20 cases the bomb exploded. Twice the explosives were successfully neutralized.

#### A Monday Without the Threat

The first report on a bomb planted was received by the police in October 1990. Since then a veritable plague of reports, most often false alarms, had commenced. "This is a kind of fad," Senior Inspector Henryk Brodzinski of the Antiterrorist Team at the Main Police Headquarters hypothesized, "I would not presume to prophesy whether it might not turn into something more horrendous—terrorism."

To every site of a potential explosion trained police, an ambulance, and power, gas, and hydraulic equipment are dispatched. Gas, electricity, and water are disconnected. Roads are blocked and people are evacuated from the building. The cost of these operations has been estimated by the police at 1 trillion zlotys [Z] annually. Let us also add the cost of the explosion itself, when it happens. Last year five passenger cars, a telephone booth, and an elevator were blown into smithereens, and in addition explosions devastated the interior of a store, a discotheque, a car wash, and a church bell tower.

The statistics showing that the most dangerous days of the month are the 4th, 5th, 9th, 12th, and 23d are merely art for art's sake. Most bomb threat reports came from schools (505). That is a fad that has spread equally among elementary and secondary schools. At vocational schools 69 cases were recorded and 22 at colleges and universities. It is thus not surprising that most bomb threat reports are received between 7500 and 1430 hours, that is, during school hours, and the worst days are Tuesdays and Fridays; rarely Mondays, because teachers do not give exams on Mondays.

The potential bombers provide information about the bomb threat by calling from public phones (711 cases) or, less often, writing anonymous letters (12 cases). This game is enjoyed chiefly by men (482) and boys (326). Sometimes they provide motives: ransom, revenge (from those feeling bitter about being laid off to school pupils demanding the firing of an unpopular teacher), religious reasons (Islamic holy war or opposition to religious instruction in school), and political reasons.

Sometimes the bombers identify themselves: for example, the "Oppressed School Youth," the "Free

Silesia" grouping, the "Republican Army," and, in Wloclawek, the "Women's Liberation Movement," while in Gdansk, the local chapter of the "Federation of Fighting Youth."

### A Mess

Compared to the avalanche of false alarms, authentic bomb attacks account for only a small proportion. But it is difficult to trivialize a danger ensuing from easy access to weapons and explosives, most often those left behind by the Red Army. The police are familiar with unofficial price lists used by Soviet soldiers: a Kalashnikov costs Z1.5-2.0 million; an antitank grenade, Z3-4 million; and a grenade, Z50,000 (or less if sold in large batches). This broad variety is complemented by military TNT and fuses. On a garbage dump near a Soviet troop unit 250 armed mines were found.

An invaluable source of weapons and explosives is the mines and quarries, at which protection is improperly organized. Yet another source is arms thefts. Between 1962 and 1990 a total of 1,631 of various kinds of small arms were lost and never found. In 1990 alone 376 firearms were lost (misplaced, stolen from military units, police stations, police officers, plant security personnel, and private individuals). Of that total only 196 weapons were recovered, along with five pistols lost in the previous years.

An assessment of the bombing statistics is complicated by the legal mess. Permits for the manufacture and importation of explosives and fireworks (rockets and squibs) are issued by the Socio-Administrative Department of the Ministry of Internal Affairs. As of this date 56 permits for the production of explosives have been granted, and an equal number has been granted for the production and distribution of fireworks. As many as 116 permits were granted to various companies desirous of distributing explosives. Permits for the importation of explosives are issued by the Central Board of Engineering at the Ministry of Foreign Economic Cooperation. In a sense, the Board confirms the permits granted by the Ministry of Internal Affairs for the distribution of these explosives. This requires additional fees.

Soon now no one will know which permits are official and valid and which are not, all the more so considering that local authorities such as voivodes and mayors also issue individual permits for the purchase of explosives, permits that are not recorded by the police.

### Rambo

The gaps in the law are filled by life itself. The number of bombings is growing:

- Two loads of explosives destroyed the interior of a Kodak store in Warsaw.
- In front of the Sobering-Up Home in Biala Podlaska a primitively designed bomb was accidentally identified (and successfully dismantled just in time).
- At the Warsaw airfield a bomb was discovered and dismantled 40 minutes before it was scheduled to explode.
- A pipe bomb exploded in the hands of the bomber. It was to be installed in a trap-car in front of a police station in Torun.
- On a late morning in July a grenade was thrown at the Praga-South Police Precinct. The grenade hit a tree and fell on a parapet outside the building. The explosion destroyed a police radio vehicle, a window, and the facade of the building.
- Inside a Krakow-Berlin train compartment customs officials found one Russian and three Polish F-1 combat grenades.
- Several minutes after young people had left a Park Club discotheque in Warsaw, a grenade exploded there.
- Late last year five F-1 combat grenades were thrown from a car at a private house, causing damage estimated at Z90 million.
- At the Warsaw Branch of the PKO Bank on Powstancow Slaskich Street a male terrorized those present with a grenade from which the pin was removed. He demanded Z120 million.
- A month ago a bomb was detonated (with the aid of mining fuses) under the door of the Odyseja Discotheque in Wojkowice-Zydzice. The premises were devastated by fire.
- A young man from Frombork who dressed like Rambo, when detained at the train terminal in Warsaw, was found to carry several armed grenades and fuses in his rucksack. He had heard that he could sell them for as much as half a million zlotys apiece.

In as many as 90 percent of cases the police are alerted by alarms started by teenagers 11 to 16 years old. A study of national security prepared by the Office for State Protection states, "The situation among young people is to be considered particularly dangerous, as [television] programs of an extremist nature enjoy growing support and popularity among them. This makes potentially possible terrorist actions by groups of this type and the utilization of these groups as gang or paramilitary organizations."

The list of proofs in support of this conclusion is constantly lengthening. In 1990 skinhead gangs were used as bodyguards for the Congress of the Polish Right. It is certain that the "demonstration readiness" proclaimed by B. Tejkowski derives its tone of assurance from the formation of permanent structures out of small groups of these skinheads and the derivatives of that subculture (e.g., the incident in Zgorzelec).

Another example is the events in Grudziadz. Last October a group of anarchist youth attacked the Military Draft Commission: bottles wrapped in burning rags were

hurled at the building. A Molotov cocktail was hurled at the offices of the Military Police. Likewise an attack against a police precinct had been planned, but the perpetrators, a girl and two boys, were caught in advance. One of them was arraigned in court.

The Grudziadz events turned out to be part of a larger whole. The Popular Liberation Front, which crowned its actions with these incidents in 1990-91, claimed credit for them. The list included attempted arson of the USSR consulate in Gdansk (June 1990), as a protest against the killing of an Ukrainian anarchist, Piotr Siuda; the hurling of a tear-gas grenade into the offices of the Polish State Railroads in Gdansk as a protest against the hiking of train prices; the explosion of a homemade bomb in the offices of GLOS WYBRZEZA as a protest against its printing inaccurate information on the "13th December Detachment"; and a tear-gas grenade inside the Lot Polish Air Lines Building, as a protest against the transportation of Soviet citizens of Jewish nationality to Israel.

#### The Political Motive

The group operated in Gdansk, Grudziadz, and Warsaw. It was precisely here, in January 1991, that its leader Piotr R. was arrested for having hurled a tear-gas grenade at the Israeli consulate.

On the whole, however, a political motive is rarely behind a terrorist act.

A year ago, at an international conference, an UOP [Office for State Protection] expert anticipated, on the basis of operational findings of the UOP, the extension of terrorist acts to Polish territory. He contended, "It is essential for Poland to join in combatting terrorism within the system operating inside the framework of the European Council and the EC," and hence also to "adopt a uniform strategy for preventing and combatting this trend." Particularly important are revisions of criminal law.

In Poland the term terrorism is increasingly used, but liberally, without defining its meaning. The law does not define it. Such a complicated matter is difficult to define precisely. More than 150 definitions of this concept exist in the world. Most often they reduce to: "One person killed, thousands terrified."

Some of the events in this country already now fit this definition. "They are as yet only sporadic happenings," Senior Inspector Henryk Mrozinski said, "but they should not be ignored."

The police tried repeatedly to set up a taskforce for drafting provisions regulating antibombing and antiterrorist operations, but this goal was never accomplished on the ground that situations of this kind already are anticipated by the laws, and doubly so, in view of Poland's having signed international conventions on combatting terrorism, and inasmuch as terrorist actions can be considered criminal actions, that is, ordinary

crimes. "Terrorism is a conditional concept," claimed the press spokesman of the Ministry of Justice, Judge Andrzej Cubala. "Our criminal law provides sufficient protection against actions such as, e.g., an act of sabotage, a diversionary activity, disturbing the peace, or robbery, in calling by name, not the trend, but individual instances of violations of law and order."

The applicable laws are conditional and so are the steps taken to avert the threat. The banks, courts, and state institutions and their employees are unprepared for this threat. What is more, no list of facilities particularly exposed to terrorist acts has even been prepared. The special services lack access to architectural blueprints of the buildings that can be considered strategic. And since there is no definition of the problem, it supposedly does not exist.

#### Goals of Agency for Industrial Development

92EP0400B Warsaw GAZETA PRZEMYSLOWA I HANDLOWA in Polish No 15-16, 12-26 Apr 92 pp 1-2

Interview with Arkadiusz Krezel, president, Agency for Industrial Development S.A., by Andrzej Kalinowski; place and date not given: "We Do Not Subsidize Bankrupt Enterprises"]

[Text] [Kalinowski] What role does the Agency for Industrial Development [ARP] play in implementing the government's economic policy?

[Krezel] The ARP, after receiving funds from the Structural Changes Fund in Przemysl, created an institution to react quickly to the problems of enterprises, becoming a tool of the Ministry of Industry in the area of restructuring firms. For all of last year, the agency was the only institution that, to the extent of its abilities, could carry out a quick, preliminary appraisal of a firm, and in a situation where it saw that the level of risk was acceptable, was prepared to assume the economic and capital goods process—in the form of extending credit, at lower interest rates than a bank loan, under a specific restructuring program. There have been many such interventions and this meant the investment of almost all of the agency's capital in a system to support the restructuring of enterprises.

The agency's activities have gone in two directions. On one hand, it was to help in developing the restructuring programs themselves, financial from EEC funds, which the agency administers. On the other hand, at this stage we had to assist the enterprises with some sort of loan, some credit, to ensure the plants continued operations, and generally make it possible to carry out the restructuring process. The banks did not fulfill this role. Our banking system is—I would say—over-administered in terms of making quick decisions in the field of extending credit under specific programs. The agency made these decisions much faster.

This year, the situation is diametrically different. First of all, the funds the agency administers are already in use in

various restructuring projects and their flow is very slow, especially since the economic situation of the country and the enterprises has worsened. Recessionary processes have intensified to the point that the promptness of loan repayment is questionable. Nor does the budget act provide funds to support restructuring or even for giving opinions on loan guarantees under specific programs. So activity of a credit granting nature is extremely limited at this time. Yet, we have funds coming mainly from PHARE [Economic Restructuring Aid for Poland and Hungary] and World Bank credits for technical assistance in developing restructuring programs.

[Kalinowski] So the agency's interventional function will be very limited. In this situation, will help not go to those who have greater penetrating force?

[Krezel] No, that is not the formula. Certainly it will not be that whoever strikes the most will get the money. On the contrary. The criteria must also be set up from the point of view of the agency's nature—it is a joint-stock company operating according to commercial law, and it cannot invest money where there is no change to recover it. We are not an endowment agency for bankrupt enterprises. The selection must be very careful; we must rescue that which has a chance of survival.

[Kalinowski] And what has a chance of surviving today?

[Krezel] It would seem that the situation for enterprises is terribly difficult. But there are plants where the staff and all of management are at a level where they can create conversion programs and strive to fulfill them. We were very surprised by the professional level of much of the work in the restructuring program competition; the foreign consulting firms who help in verification assessed them very highly. And it is these enterprises that must be rescued and helped, without taking away from them responsibility for the incurred financial risks of every decision. Directors trying to convert enterprises into commercial firms operating according to commercial law are not always aware of this responsibility.

But it is necessary to realize that many firms are already in such a state of exploitation that opportunities for a demand for their product—after losing the Eastern market—are not practically possible. And that is the greatest tragedy, because if these plants were to enter into a phase of profitable production, it would require enormous outlays, a total exchange of technologies and machines and undertaking organizational changes that produce specific sound consequences. These are very complicated and difficult problems. The agency is already involved in solving them in regions hit by the recession such as Walbrych or Lodz, but similar difficulties are occurring this year in other parts of the country as well. I must say with regret that the capacities the agency has now are inadequate to the scale of needs.

[Kalinowski] What goals has the agency set for itself this year?

[Krezel] This year, I would like the agency's work to become a practice, so that the prepared program of restructuring might conclude with real execution. I would like to reach the point where, when we undertake research work, verifying the status or preparing a program of conversion for a firm, we will be able to guarantee funds to implement it. Up to now, this has not been fully carried out, since the banks have been taking on the credit-granting process very cautiously; they are afraid of assuming risk to the extent the agency does.

We must also be prepared to increase the number of restructuring procedures through liquidation. Most enterprises prefer to that, this route in order to create a firm with much better parameters on the framework of the old. In order to meet these expectations we must look for partners in this activity. We will find them in the regions. That is why we will strive to develop a system of Regional Development Agencies [ARR].

We want the ARR's to emerge in the form of joint stock companies, as commercial entities, able to concentrate regional capital, bank capital, institutions, municipal governments and funds in the hands of the voivodes, on whose goodwill we are very dependent. The voivodes are the parent agency, often for several hundred local enterprises, and the problem of their restructuring requires an enormous effort and the integrated activity of all interested institutions. The ARR's can fulfill just this role and that is why we are supporting this development.

[Kalinowski] What other functions will the agencies be performing?

[Krezel] The ARR's should also monitor the economy in the region to give a picture of the economic situation of enterprises and branches, and all of industry as a result. We want this activity to tie into the information system that we are developing with the Ministry of Industry and Trade. That is one of the reasons we are trying to "impose" at the start, as partners in these regional agencies, a certain organizational and informational system, compatible with the arrangement that will exist in the ARP and the department of industry.

Also entering into the equation is the formula for a commercial exchange of the information obtained, because after all information in business is a basic matter, for which one must always pay dearly, and our agencies also operate in a commercial system.

We would also like the ARR's to support small businesses. Because the Ministry of Industry and Trade is considering the idea of establishing an Enterprise Support Agency, modeled on entities like the ARP that would concentrate international and domestic funds earmarked for support of this sphere of the economy, we believe their representation could emerge under the ARR's. They would support light manufacturing, which requires different methods of action than heavy industry. But each is an important economic element in the regions.

Of course, the ARR's would also conduct profitable consulting work, because they are commercial entities. The emergence of delegations, of institutions of a state nature, would conflict with accepted rules in the economy, and furthermore, their efficiency would be almost nil.

[Kalinowski] To a great extent, people determine the success of an activity. Enterprise restructuring is a totally new field for many of them.

[Krezel] Let us start with the employees of our agency. We have a whole cycle of training set up for them. Everyone who works in the ARP has guaranteed conditions for improving his qualifications. Our staff is rather well prepared and the analyses and appraisals they perform have a high degree of credibility.

In creating the ARR's we also want to become involved with preparing the people who will be employed there, so they will be experts in the field of legal and economic issues, be able to talk with a foreign partner in the same language.

We will also try to introduce a system of supervision and verification in the field of preparing staff as liquidators and legal advisers. They will play a very important role in the process of transforming the economy. This is a profession that up to now has not appeared in our country, and it requires deep legal and economic knowledge and practical experience in the operation of factories. To a great extent, the restructurer or liquidator determines whether a plant will have a chance to extricate itself from a difficult situation. Because it often happens that restructuring programs that are spread out over time cannot keep up with changes in the market situation.

[Kalinowski] Thank you for the interview.

### **Status of Enterprise Restructuring Reexamined**

92EP0407B Warsaw GAZETA PRZEMYSLOWA I  
HANDLOWA in Polish No 17, 26 Apr-3 May 92 p 1

[Article by (ml): "Enterprise Restructuring"]

[Text] Under the socioeconomic situation currently in existence, many state enterprises are not adapted to conditions of a market economy. Thus, changes must be made in organizational, assets and ownership structure, and in systems of management to create an enterprise model that is in harmony with the changes in economic structure.

The minister of industry and trade, who is the parent organ for the 1,700 state enterprises, wishes to implement structural ownership changes. The basic direction of such changes should be the simplification of organizational structures. This direction is implemented by breaking up multiplant enterprises.

The breakup of 32 enterprises was accomplished at the Ministry of Industry and Trade [MPiH] in 1991. As a

result of this, 63 new economic units were created which have a simplified, often single-plant organizational structure. A subsequent breakup was effected in the first quarter of 1992, and 23 new plants were created out of 17 enterprises. At present, the breakup of another 20 state enterprises is being studied.

The law on the privatization of state enterprises permits the MPiH minister, within the framework of the powers of parent organs, to implement privatization processes by means of so-called liquidational privatization. The law permits:

- An enterprise to be leased to companies of individuals (primarily the employees of a given enterprise);
- The creation of joint-venture companies;
- The sale of an enterprise.

Up to the present time, 76 leasing agreements have been signed at the MPiH, two joint-venture companies have been created, and two enterprises have been sold. Work on 100 privatization recommendations is also underway; analyses are being made, assets are being reevaluated, ownership questions are being clarified, and the like.

The increasingly difficult financial situation of enterprises and the lack of a selling market for manufactured goods means that there are fewer and fewer attractive offers from foreign and domestic investors alike. Given the choice between a good quality foreign item and a poor quality domestic item without attractive packaging, the market opts for the offering of the foreign contractor.

There arises a difficult choice: Should we retain state enterprises, expecting them to go bankrupt rapidly, or risk exposing ourselves to the charge of selling a state asset by accepting the purchase offer of potential domestic and foreign contractors?

For these and other reasons, the processes of the ownership structural transformation of enterprises is moving relatively slowly and is creating many problems, for example:

- A shortage of capital (above all in relation to employee-owned companies);
- A lengthy procedure for regulating matters of land and building ownership;
- Limited possibilities for liquidating nonproduction property which encumbers enterprise assets (for example, equipment used for social purposes);
- The lack of uniform, as-objective-as-possible rules for reevaluating enterprise assets.

Likewise, the liquidational process is not taking place undisrupted. According to the assessment of the MPiH, more than one-third of all supervised enterprises qualify for liquidation by virtue of Article 19 on state enterprises. At present, 77 enterprises are in a state of liquidation. The aim is that this should not mean merely the sale of the individual elements of assets. A liquidation

proceeding, in the opinion of the MPiH, should conclude with the opening of new economic organizational units on the base of the assets of the liquidated enterprises.

If there is a chance or if there are conditions that make it possible for an enterprise to get out of danger, a renovation proceeding is initiated. The commissioners board is called instead of the organs which have run the given enterprise to date.

The minister of the MPiH oversees renovation programs and works out their implementation.

At present, renovation proceedings are being conducted in 14 enterprises.

The paths leading to the reactivation of bankrupt plants are various. One of the possibilities is to apply management agreements. There is great interest in this system, which stems from the law on enterprises, though it is received with some resistance. To date, five such agreements have been concluded. However, we cannot say that this method is successful, since too little experience has been accumulated to date.

A shortcoming of this approach is the fact that management agreements have been concluded only with the former directors of enterprises, and this method requires, above all, new proposals and methods of managing an economic organizational unit.

#### **Polish-Byelarusian Trade Possibilities Examined**

92EP0407A GAZETA PRZEMYSLOWA I  
HANDLOWA in Polish No 17, 26 Apr-3 May 92 p 5

[Article by Mikożaj Oniszcuk: "Byelarus: A Partner Just Over the Border"]

[Text] Byelarus is an eastern country with which Poland already has a tradition of very extensive economic ties. Activity on the political-diplomatic and economic plane and the creation of a new infrastructure treated as a whole system show that the trend of mutual, good-neighborly cooperation will develop.

Two economic agreements concluded in Byelarus will facilitate this cooperation. The first, concluded on 10 October 1991, concerns economic cooperation and trade and the second, signed on 6 March 1992 in Warsaw, is in the form of a protocol on trade-economic relations between the two countries in 1992. The intergovernmental documents complement one another. Last year's agreement defined the framework and principles of general cooperation, while this year's protocol is a concretization of tasks for the current year. Two similar agreements were concluded with Russia. As a reminder, the Polish-Byelarusian intergovernmental agreement on economic cooperation and trade specifies that: Both countries will create favorable terms for the stable and harmonious development of economic and trade cooperation based on the principles of equality and mutual

benefits. The signing parties grant mutually the most favorable terms for the import and export of goods applied with reference to the goods of third countries;

- Both countries will facilitate and bolster the development of economic cooperation between the territorial units of their own countries, in particular in the borderly area;
- The countries will contribute to the development of cooperation, especially in such fields as industry, agriculture, the protection of the natural environment, transport, communications, construction, trade, services and tourism, as well as finance and banking;
- The cooperation will be implemented by means of: the creation and development of combined capital companies and joint enterprises; the expansion of coproduction ties; the creation and development of an infrastructure to aid the development of economic cooperation; the exchange of specialists; the rendering of consulting services; the organization of trade-industrial exhibits and fairs and the creation of business enterprises;
- The supplying of goods and the rendering of services will be implemented on the basis of contracts concluded between Polish economic organizational units and Byelarusian participants in economic cooperation with foreign countries. These Polish and Byelarusian organs will also set prices and the terms of deliveries and of clearing accounts in contracts;
- All clearings of accounts and payments will be implemented in convertible currencies, and by virtue of an agreement concluded between the appropriate organs of both countries, clearings of accounts and payments may also be implemented in another form.

These are the main principles and economic-financial mechanisms, for the other points of the agreement concern technical-organizational matters. The protocol on trade-economic relations in 1992 specifies the general principles and adapts them to the situations and requirements of the present day. Thus, among other things, it is projected that:

- Mutual trade between the economic organizational units of both countries will be implemented in convertible currencies on the basis of contracts and world prices, utilizing forms accepted in international trade, together with barter transactions;
- Information lists of basic goods and services will be developed and proposed for Poland's export to Byelarus and Byelarusian export to Poland.

The lists of offerings for Polish export include 32 commodities items, without specifying amount or value. They encompass a broad range of goods, from raw materials and semifinished products in the form of sulfur, soda ash, coal, steel, steel pipes and sheet metal, resin, cement and paints and lacquers, to medicines and medical equipment, electrical light fittings, cosmetics and other items of general consumption, packaging, cotton fabric and thread. Among the proposed export

items are agricultural-consumer goods, i.e., sugar, grain both for human consumption and for fodder, hops and machinery and equipment for agriculture and the food industry. The range of investment deliveries and deliveries of the means of transport is also extensive. It includes machine tools, computer equipment, telephone stations and apparatuses, AN-2 planes, helicopters and parts, highway construction equipment, Nysa and Zuk delivery trucks, Autosan buses and equipment for the textile industry. Coproduction deliveries are proposed for electromagnetic clutches and unified gear boxes. In addition to this, construction services are proposed.

The product and services list of proposed exports to Byelarus is also extensive, encompassing 45 items. These items are primarily raw materials and semifinished products, as well as Byelarusian tractors, MAZ and Bielaz automobiles, machinery for lumber and metal processing, computer equipment and airborne services in the area of chemical spraying. In the raw materials and semifinished products group, proposed deliveries include nitrogenous and potash fertilizers, urea, ammonia, petroleum products, lumber, linen fibers, pulpwood from deciduous and coniferous trees, polyethylene, casein, lubricating grease, and peat. The group of manufactured market items includes deliveries of furniture, watches, televisions, refrigerators, cameras, and linen and viscose fabrics. The group of agricultural food items includes deliveries of edible fats, honey, powdered milk, wines, and vodkas.

These lists merely inform economic organizational units that countries are interested in their export and that they have specific delivery possibilities. They are not of an obligatory nature.

The Polish-Byelarusian protocol contains many other important points of mutual agreement. One of these is the support of initiatives and planned ventures in the area of creating the bank infrastructure, including the organization of Polish-Byelarusian commercial banks. In addition to this, both governments will support the development of cooperation between bordering regions, and data on the organization and status of specially created economic zones will be exchanged.

The protocol contains an agreement to complete, as soon as possible, the work aimed at increasing the traffic capacity of existing border crossings, including customs inspections, organizing new crossings and creating the appropriate infrastructure for this purpose. The exchange of information on new normative legal regulations in the sphere of economic cooperation with foreign countries in Byelarus and Poland will be of major significance. There is also a very specific agreement regarding the need to create a Polish-Byelarusian business school. Under the conditions of the passage to a market economy, skill on the part of economic organizational units in taking action based upon a sound knowledge of legal and economic-financial principles and mechanisms may accelerate the process of restructuring the organizational system of bilateral cooperation

and may shorten the road toward successful business ventures, especially for the Byelarusians.

### Budget Outlays on Housing Reviewed

92EP0390B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 14 Apr 92 p II

[Article by Ewa Zychowicz: "Money for Housing: What Can We Count On?"]

[Text] In the flood of housing construction laws and decrees coming one after the other, somewhere the concrete sums the state plans to earmark this year for housing construction have gotten lost. According to MGPIB [Land Use Management and Construction] data, the share of housing construction in all budgetary outlays planned for the current year constitutes 7.3 percent.

The monies assigned by the budget are designated as follows:

- For payment of the guaranteed premium on costcutting contributions for housing construction. The Council of Ministers passed a decree on 16 October 1990 whereby this premium is calculated for payments for: Apartments in a multifamily dwelling not in excess of 55 square meters [m<sup>2</sup>] of usable surface area; 70 m<sup>2</sup> in a single-family dwelling; apartments in a small apartment house; and for an apartment house having many apartments based upon a square meter conversion factor that is determined for quarterly periods. Budgetary outlays amounting to 2.250 trillion zlotys [Z] allotted for this purpose are to ease the obligations of the owners of housing savings books, who must gather together their own contribution up to the amount required at the time of their liquidation.
- For refunding Z8.24 trillion worth of housing credit amortization, including Z2.524 trillion to pay for 1991 obligations and Z5.5 trillion to amortize credit used for facilities placed in service in the first quarter of 1992. If the Sejm had not passed an updated law on putting credit relations in order, according to which the state is abandoning credit subsidies granted up to 31 December 1989 to build housing not placed into service before the end of the first quarter of this year, budgetary outlays would have to increase to approximately Z3 trillion.
- For the temporary redemption by credit recipients of interest on credit incurred before 20 October 1991. Budgetary outlays will reach the sum of Z8.45 trillion. Additional sums of Z41 billion are also projected here. According to an RM decree, a credit recipient will earmark 25 percent of his income to repay credit and interest, and the budget will temporarily redeem no less than 70 percent of the obligation due on unpaid interest on credit incurred before 20 October 1991.

Funds of \$200 million obtained thanks to World Bank credit will have to be added to the sums expended by the state budget for housing construction. These credits will

be granted to us under the condition that our budget will allot \$200 million of its own. According to information from the construction ministry, it does not have the money for this at present. It is very likely that we shall obtain a loan of \$66 billion [as published] from the European Rebuilding and Development Bank for this

budgetary contribution. The rest should be covered by the Polish side. U.S. governmental credit guarantees of \$25 million designated for housing construction remain an open question. Talks conducted in the United States by Prime Minister Olszewski will certainly explain how this matter will be resolved.

**Ambassador Assesses Relations With U.S.**

AU2005113792 Bucharest *CURIERUL NATIONAL*  
in Romanian 15 May 92 pp 1, 8

[Interview with Aurel Dragos Munteanu, Romanian ambassador to the United States, by Paul Dobrescu on 5 May; place not given: "I Would Like To Win the United States' Trust in Romania"]

[Text] [Dobrescu] Mr. Ambassador, you left today (5 May) to present your credentials to the White House, together with your wife and daughter. Is this the protocol in the States?

[Munteanu] Yes, the presentation of credentials at the White House is an impressive event: With an honor guard at the entrance and the White House chief of protocol who accompanies the ambassador. The ceremony with which the U.S. President receives the ambassador is also characterized by a sort of intimacy; in U.S. society, the president is not viewed as a god, but the embodiment of the best qualities of a citizen as seen by the electorate at a given moment, and this implies an intimate solidarity and the ability to establish human relations which come into play in such ceremonial circumstances. When I was informed that I was going to be received by the U.S. President, I was asked whether my family was going to participate, whether my children were also in the United States, and whether they wanted to accompany me to this special event. That is why my wife and daughter, who is a student in New York, accompanied me. As a matter of fact, the President was very nice to us; he had his picture taken with my family and he inquired about our life in the States.

[Dobrescu] What is your impression of President Bush; how does he view the situation in Romania and the prospects for bilateral relations?

[Munteanu] The President seemed very warmhearted; he inquired about the situation in Romania and several times affirmed what is significant: the United States' support for the democratic process in Romania.

[Dobrescu] Maybe it would be interesting to give a few details about the form of this support in the coming period.

[Munteanu] There are clear political signs—confirmed during the talk with the U.S. President—that the U.S. administration and the other ruling bodies have begun to have confidence in the correctness of the democratic process in Romania. This is maybe the most important element. This is not an element of political circumstances, but trust in the way Romania is progressing. I can cite the signing of the trade accord, which the State Department has decided to submit to Congress, and also the firm intention to grant most-favored-nation status to Romania. There is also increased interest in cooperation with Romania among businessmen and in financial circles. Important delegations from the Ministry of Finance, Economy, and Trade of Romania and from the

Agency for Development visited Washington recently and held talks and meetings not only with international organizations (the World Bank, IMF), but also with U.S. businessmen.

[Dobrescu] A few days ago, THE NEW YORK TIMES published a nice, and I would say warm, description of you accompanied by a picture of you. Is this a sign that you are accepted and trusted by the American authorities?

[Munteanu] Probably. It is difficult for me to talk about myself and my relationship with American society. I think that that article is rather due to my activity at the United Nations, although it was meant as an article welcoming me to Washington. It could be significant for a more general acceptance of the Romanian ambassador, and this would give me pleasure.

[Dobrescu] Any mandate has a beginning. You have arrived at a time when Romanian-American relations are developing, but not exactly the way both sides would like. At least as far as Romania is concerned, there is a feeling that the Americans do not completely trust us and, maybe, do not support us as we expected them to. Can you tell us a few objectives you have in mind as Romania's ambassador to improve these relations?

[Munteanu] My feeling is somewhat different from yours. It seems to me that for the first time after the revolution, Romanian-American relations have a real chance of improving. As far as I am concerned, I am trying not to forget the mistakes we have made, which contributed to increasing the tension that existed between Romania and the United States in the past two years, and I will make an effort to avoid similar mistakes. Second, the objective an embassy has to pursue is to improve communication between the two societies. Very often we misunderstand American policy, the American position, and the aims of the Washington Administration. Our activity can improve this very important communication. Third, I think that an embassy has to try to demonstrate what Romania itself is like: Decent, clean, truth-loving, and anxious to avoid double dealing.

In other words, I would like to establish an atmosphere of full trust in the Romanian society and Romanian Government—no matter which—on the part of the American Administration and society. Therefore, this is what I would like to achieve: America's trust in Romania.

**Political Realignment After FSN Split Analyzed**

92BA0885A Bucharest *ROMANIA LIBERA*  
in Romanian 1 May 92 p 1

[Article by Octavian Paler: "A Smoke Screen?"]

[Text] While it may be too much to talk of a struggle of ideas in a conflict such as the one between Ion Iliescu's and Petre Roman's supporters, I think we can talk of a

confrontation of mentalities. In a pinch, we could even use the formulas in circulation, "conservatives" and "reformists," although the Cotroceni Palace dislikes this division for reasons easy to figure out, because in East Europe the word "conservative" now has a completely different connotation than the traditional, one that has struck roots in our country, too.

Regarding the conservatism of those who abandoned ship after rowing as hard as they could against the current, I assume that there cannot be serious doubts. It is too obvious that they are leading a bitter rear-guard struggle, supported probably from the shadows by all kinds of professional "nostalgics" (old professionals!), in a bid to rescue whatever can be rescued of a shipwrecked system, which they in principle deny, although not in their principles. Their obsessions, idiosyncrasies, and language no longer permit any illusion. They probably know themselves that the ruination of their credibility is advancing. All that is left for them to do is to try to camouflage it under noisy rhetoric and to delay it, aware of the fact that the removal of their "support points" from Cotroceni, from Parliament, and from other centers of power will leave them no chance of getting a part in the play. The idea of attaching the day of 22 December to the conservative rhetoric is therefore more than an abuse. It borders on indecency, especially since some of the founders of the new FSN [National Salvation Front] are orators specialized in slandering Timisoara.

In the other camp the situation is less clear. The only thing that is certain is that the "reformists," as they like to call themselves, have won greater freedom of movement as a result of the departure of the conservatives. It is, however, a poisoned win, because Petre Roman's supporters have lost their alibi. Until now, all the hesitations, ambiguities, half measures, and double games could be laid at the door of the conservatives in the Front. This excuse no longer exists and there are more murky waters that need to be cleared.

First, everyone knows that after the revolution Mr. Roman and his partisans did not talk all the time the way they do now. They are even reversing their views. Yesterday's official advocates of "original" democracy now claim to be struggling for an authentic democracy. Very well, but in that case why was this 180 degrees turn not explained and substantiated by a clear and categorical repudiation of the evil done before? Between the time—strewn with many black moments for the fate of Romanian Democracy—when Mr. Roman sat next to Mr. Iliescu and spoke like Mr. Iliescu, serving the same cause that the conservatives now serve, and the accusations now leveled at former ship mates, between the time when Mr. Roman orchestrated the unfortunate jeering in Alba Iulia and his present declarations on the subject of democracy, between the calumnies hurled by, among others, Mr. Roman's partisans at the University Square and embracing some of the University Square demands, between abetting the return of the old Securitate in force and today's accusations against the interference of the

same Securitate in politics, in short, between what the "reformists" said and did before the departure of the former premier and their current discourse there is a chasm that requires some dramatic qualification or at least a convincing explanation to fill it up. Otherwise, anyone might suspect this of being a superficial, conjunctural change dictated by events, rather than by evolving views.

In addition, the "reformists" give the impression of being very skilled at seizing all the fashionable slogans. Almost none of the demands of the street—so badly abused, even in official communiques issued by the spokesman of the Roman cabinet—is now absent from the present talk of Mr. Roman's supporters. At times you may think you are dreaming and that some of the reformist FSN-ists were present in the University Square in disguise and that only now are they revealing their true identity. But in the end such skills cannot avoid causing suspicion. What else do they have in store for us?

And finally, the FSN's original sin, eclecticism, did not disappear just because the conservatives left the Front. The political discourse of the "reformists" is like a bazaar, in which good ideas rub shoulders with demagogical slogans, and the "right" and "left" look like playing cards, something that will naturally inspire suspicion and raise a question that only the future will answer: Is the difference between the old Front and the new Front only a matter of means, not of end, too? If so, all this anticonservative stir is nothing but a smoke screen used in the struggle for power.

### Ministry Issues Communique on Weapons Possession

*AU2105113392 Bucharest CURIERUL NATIONAL  
in Romanian 16 May 92 p 4*

[“Text” of communique issued by the Press Bureau of the Ministry of the Interior in Bucharest; date not given]

[Text] While working to ensure the observance of the legal provisions that regulate the policy of weapons and ammunition, during the period that has elapsed since the beginning of this year, the police units—in cooperation with the border police and customs authorities—have seized and confiscated 249 weapons and 4,223 cartridges that have been illegally kept by Romanian and foreign citizens. During the same period, a number of 209 weapons and 5,703 cartridges have been found and handed over by the population to the official bodies. Taking into consideration the high level of social danger posed by the possession of weapons and ammunition by unauthorized persons and by accidents with very serious consequences that might occur in such cases, we deem it necessary to make the following statement:

The regime of weapons and ammunition is regulated by the law, which includes stipulations to the effect that individual persons, including foreign citizens, are permitted to possess or carry weapons or ammunition only with the authorization of the police units. To disregard

those provisions is a violation that is included in Article 279 of the Penal Code and is punishable by six months to seven years in prison. Likewise, the act of failing to report at once to the nearest police unit when finding a weapon, ammunition, or explosive material also constitutes a violation of the law.

In Romania, air guns or compressed gas weapons come under the regime of authorization and can be used only in places especially set up for this purpose.

In accordance with the provisions included in the Penal Code, persons who hand over weapons and ammunition that they possess without an authorization, before the penal investigation bodies find out about them, are excused from punishment.

### Need To Offset Import Dependence Noted

92BA0889C Bucharest *TINERETUL LIBER*  
in Romanian 21 Apr 92 pp 1-2

[Interview with Daniel Daianu, secretary of state at the Ministry of Economy and Finance, by Liana Simion; place and date not given: "The Present Exchange Rate of the Leu Penalizes Exporters"]

[Text] [Simion] Mr. Daianu, it is no longer a secret to anyone the fact that the Romanian economy is treading on "moving sand." As a macroeconomist, what do you think are the dangers that lurk for us in the immediate future?

[Daianu] We can talk of two great dangers: The first is hyperinflation, which is becoming discernible on a not very distant horizon. It will be a tragedy if the Romanian economy should fall into the "vale of tears" of hyperinflation.

[Simion] What does hyperinflation actually mean?

[Daianu] In the professional literature, hyperinflation (a concept that was introduced in the 1950's by Phil Cagan), is viewed as such a fast a rate of price increase that the prices grow by more than 50 percent a month. History (as in the case of the Latin American countries) has shown that hyperinflation is far more difficult to "kill" than high inflation. Expensive stabilization programs are required for a long period of time. Romania is not yet at that stage, but it would be a tragedy if it came to that. The decisionmaking factors would then be compelled to take the harshest measures.

[Simion] What is the second danger?

[Daianu] The apparent inability of our economy to export sufficiently. The Romanian economy, massively dependent on imports of raw materials and energy, must export!

[Simion] In order to be able to feed its imports?

[Daianu] Precisely! At the beginning of the 1980's Romania was exporting goods worth \$11 billion. That

figure must be taken circumspectly because of the exports within CEMA. Anyway, we are certain about over \$6 billions in hard currency. Although exhausted by the shock therapy of the eighth decade, by forced consumption cuts, and by imports of advanced equipment and technologies, by the end of 1989 our country exported goods in the amount of close to \$6 billion in terms of freely convertible currency. Of course, a considerable portion of that figure consisted of forced exports (by definition uneconomical), but in any case, we have an idea of what were potentially exportable and marketable products. Suddenly, in 1990, for reasons that we do not now have the time to discuss, hard currency exports dropped to \$3.5 billion.

[Simion] What does that suggest?

[Daianu] It means that Romania has a substantially greater export potential than the present figures show. We have exportable goods that do not make it to foreign markets.

[Simion] Why?

[Daianu] Aside from frictions in the economy, the break off of certain connections, and the fact that some production enterprises lost contact with the foreign market because of the confusion prevailing in the foreign trade system, the exchange rate is penalizing to exporters.

[Simion] How so?

[Daianu] Because it does not cover the producers' costs. I know of many cases of enterprises that could deliver goods abroad to traditional customers, but to whom they are not shipping products because it is more profitable to sell them in the domestic market or to keep them in stock.

[Simion] What can be done?

[Daianu] The exchange rate must be set at an equilibrium level that will make the current account balance bearable. From an accounting viewpoint, the balance of payments can only be balanced. In the absence of long-term, autonomous capital movements, the disequilibrium of the current account can be compensated by spending foreign currency reserves, selling gold, taking out additional short-term loans, or rescheduling the foreign debt. In our situation, in which there is no question of foreign investors lining up to seize investment opportunities in the Romanian economy, foreign loans are made conditional on programs of macroeconomic stabilization. Serious institutions like the IMF, the World Bank, or EBRD [European Bank for Reconstruction and Development] require such programs as collateral.

[Simion] What is the budget involved in such macrostabilizing programs?

[Daianu] The cost of such programs consists of a contracting effect on economic activities, which it reduces. Contraction means a lower solvent growth, and exports

provide the ways and means to raise demand for what our economy is capable of producing. By exporting we facilitate additional imports and continue to provide jobs for people and enterprises. The stockpiled goods could be delivered if we were to return to a mechanism that does not penalize the exporters.

[Simion] Does the present exchange rate reflect the reality?

[Daianu] An exchange rate of 196 lei per \$1 is considerably overrated. In fact, an implicit exchange rate is also in operation in our country, as a result of barter-type, "linked" commercial operations. That exchange rate, the level of which we can guess, is a quasi-equilibrium. I am not pleading for instituting a free exchange rate overnight. The equilibrium exchange rate must be accompanied by an appropriate commercial policy, a satisfactory monetary (interest rate) policy, consistent efforts to ensure financial discipline, and last but not least, by an effective income policy.

[Simion] What should the commercial policy, for example, feature?

[Daianu] Subsidies or temporary aid to enterprises that can export; in addition, information about foreign markets, a crucial resource that must be offered to exporters (preferably at zero cost). The state can play an essential role in this respect. The Chambers of Commerce can offer inexpensive information regarding export opportunities. I want to also stress a shaping of the structure of imports, precisely because we have such great difficulties with the trade balance. Wherever necessary we can (temporarily) establish prohibitive tariffs on nonessential goods, which the international law permits. The current situation is totally exceptional. While the measures taken at the time saw us through winter, it also shunted us to a byroad, having been a temporary solution that did not improve the economic situation. It soon became obvious that the exchange rate in question was not tenable and that it blocked access to foreign currency, which was controlled administratively, while exports were paralyzed.

[Simion] Going back to solutions...

[Daianu] A monetary policy capable of stimulating the process of saving and of constraining the enterprises to exercise prudence in the management of their own resources. At these minuscule rates of interest compared to the rate of inflation, nobody can be expected to want to save. Foreign currency is now viewed as a means of storing up purchasing power. People are fleeing the national currency. The negative real interest rates are increasing the appetite of the enterprises for loans and constitute an invitation to getting into debt. It is true that positive real rates of interest may generate new problems for unprofitable enterprises that are already in great difficulties. However, we must admit that there is no good magic solution for everyone, someone has to pay. Until now the public has paid as consumer. We cannot eat our cake and have it, too! We will not be forever

receiving presents. The number of those soliciting assistance has increased very much. There is also the obsession with what may happen in the former Soviet Union: possible military conflicts, civil war, terrible instability, or right-wing movements riding on the wave of social dissatisfaction. Many resources are channeled toward our eastern neighbors. The foreign restrictions reflect a hardening of the international climate.

[Simion] Do you see a return to command methods possible in the Romanian economy?

[Daianu] The matter would come into question if people were to accept a return to a formula of all-encompassing leadership based on direct control and a command economy, which in turn would eliminate the freedoms won after December 1989. Deprivation of economic freedom implacably leads to deprivation of political freedom. The opposite is not always true. I do not rule out that, in certain circumstances, Parliament—in a certain configuration—may decide to return to such forms of management. I believe that in such a case Romania would drop off the map of Europe; not physically, but economically and politically. We must continue the reforms, but at present we must promote exports in order to offset the negative effects of the policy of macroeconomic stabilization.

### Capital Sector Mayors on Financial Conditions

92BA0892A Bucharest AZI in Romanian 5 May 92 p 5

[Survey by Ileana Coman and Dan Mihai: "Who Do the Mayors Rely On? On the Law's Restraints"]

[Text] 1. Could you give us an analysis of the financial, organizational, and functional conditions of your city sector?

2. What is the relation between intention and results in the decentralization and autonomy of local administration agencies?

3. As representative of a party that participates in the Democratic Convention, to what extent do you consider that this affiliation influences the decisions being taken? And to what extent does the council members' affiliation to different parties offer conditions for effective collaboration?

Paul Radu Popovat, Sector 2 mayor, Bucharest native, 55 years old, civil engineer, PAC (Civic Alliance Party) member:

1. If we are talking about financial matters, as incredible as it may seem, we currently still do not have a budget. A budget has been proposed, discussed, but the sector's city offices have received nothing. I should add that in its present form, the budget covers solely city office expenses, but no investments. Similarly, it contains a provision, namely that the expenses are at last year's level. This appears to be a sort of "tradition" which is entirely unjustified, given that prices have risen. In conclusion, the sector city offices do not have their own

budget, when the budget returns approved, it will not be in a position to assure real autonomy.

In terms of organization, here too we are encountering difficulties. Some were known; others are actually a result of the Law 69 for Public Administration, which limits a number of local council and mayoral functions, with some provisions disappearing entirely in the case of sectors. Specifically those that could assure financial autonomy, such as instituting taxes: You are not allowed to do it at the sector level, you are not allowed to form joint companies, you cannot contract for services. It is true that it is still possible to delegate some matters through the Capital's Local Council, and we will request them at the next meeting, when we will present a proposal requesting a number of additional capabilities. In general, without exaggeration, it can be said that a sector with nearly 400,000 inhabitants has less autonomy and power than the smallest commune in the country. Also in terms of organization, we are prisoners of the former supercentralized structures in a number of areas in which voters nevertheless have direct relations with sector city offices. Sanitation and garbage collection are performed by the Bucharest Municipality Autonomous Sanitation Agency, over which we do not have direct control, but with which we only collaborate. There is no way for us to tell them what to do. I could mention other peculiar situations, some of which are laughable: For instance, if someone wants to cut down a tree, and the tree is dry, he requests approval from ADP-Sector 2, but if the tree is green, the same request must be placed with the Capital's Public Domain Directorate (DDP). The parks also are divided; some of them belong to ADP, some others to DDP—as is the case in many other sectors, creating this type of confusion, major at times, among sectors. Personnel also falls under the same organizational classification. From the beginning, I started with the idea that merit should be rewarded, and I have rewarded it, but not when an employee does not perform according to clearly stated rules—which means competence, honesty, promptness, the prerequisites for a good employee—in which case we dispense with his services. However, some latitude must be extended to everyone, and the deeply ingrained mentalities created by habit, which cannot be changed, will not be tolerated. Some employees have acquired a superior attitude; we do not accept this and we will penalize it without reservations.

Concerning the operation of the city offices as a unified institution, we have retained most of the previous organization chart in order to ensure a smooth transition without impact on the people, but I also think the experience of Sector 3 is interesting and could be considered for the future.

2. All six of us sector mayors meet once a week to exchange impressions, ideas, and experience. I am convinced that this is helpful; for the time being, this process works well and everyone is satisfied. These meetings are almost always attended by either the mayor general or

one of the vice mayors, since the nature of our subordinate relations to the Bucharest City Hall is a friendly collaboration—friendly but serious. So far, we did not have exceptional relations with the police prefecture; we have made two calls, with more or less good response. I will probably request a meeting over a land ownership problem for which I have received no sign of progress.

3. To begin with, I consider myself a political man. But as mayor, you have to be a good manager; street sweeping has no political color. If a measure involves some political aspects, it will be decided by vote, in the council; political considerations have very little influence in the city offices' activities. The things that have occurred in the Convention do not arise in the council or among the sector mayors, and from the short experience I have had so far, I believe that we collaborate well and efficiently. We are a group that has hitched itself to a task and I think that we will continue to go on together independently of what is decided at the higher levels of the parties to which we belong.

**Constantin Tutunaru, Sector 3 mayor, engineer-analyst; member of the National Peasant Christian Democratic Party:**

1. Given the condition of the sector, as in fact the condition of the whole city, and given our needs, our financial resources are entirely insufficient; they are even ridiculous. In practical terms, we have been given nothing; we work as we can with the little we have. It is clear that we have to seek our own sources of income through the enterprises we control, ADP, and the Sector 3 markets, or through other avenues.

From the moment I came to the mayor's seat I have considered the creation of a functional organizational structure that would be engendered by the citizenry's problems, and thus based primarily on the composition of the local council, which means on technical commissions. As a result, in no more than one month we will begin the selection of candidates for the positions of department or office heads, so that these positions will be occupied by the best people. We will obviously choose those who, along with good professional training, will demonstrate the greatest initiative and willingness to solve fundamental problems as well as those problems that will arise along the way. This is a strictly local measure, based on the possibilities offered by the administrative law, which grants sector mayors the right to organize the structure of their own services and personnel.

Coming back to the fact of our reduced financial resources, it is obvious that the problems that the people have faced for many years—water, no heat or light, bad roads—are much too serious to be eliminated in one or two months. And the most difficult situations, the ones in which we encounter the greatest number of obstacles, are those of desperate families of very low social conditions, primarily without housing, and most of the time without even the slightest normal incomes. The city

offices have neither the legislative nor financial means they need for a rational approach to the root of the problem. Solutions are case by case, depending on what is available at the time. Unfortunately, the specifics are this very low standard of living, the large number of unemployed, the large number of those below a decent living threshold. In addition, one special problem in the sector are the new buildings: The largest number of new apartment houses in Bucharest is in the sector.

Most of them are abandoned, and I don't think only because of a shortage of money, but because of inadequate legislation, a lack of organization, and even inferior management. In this respect, the sector city offices have absolutely no decisionmaking power.

2. To begin with, our city offices have drafted a proposal of clear, focused measures for organizing in the shortest possible time a meeting aimed at increasing the mayors' capabilities and decentralizing some decisions. The proposal was submitted for the approval of the Local Council, and will be forwarded to the Capital's City Hall for an answer, favorable or not. Otherwise, we, the sector mayors, have a very close relationship, meeting weekly. These are very useful meetings from which we learn a great deal from one another.

3. None of the actions we have undertaken bears a political imprint. They are all purely and simply management actions. But the most diverse interpretations can exist, since any action has both a political and a strictly technical nature. And since it touches upon your question, I must tell you that the Convention problems have absolutely no reflection in city office activities; they are purely political, internal, party or parties considerations. A stronger connection between politics and the area of administration is found in Parliament's activities: We, public officials, must move within a legislative framework created by parliamentary delegates, and this legislative framework is most often not favorable to solving our problems. Legislative acts frequently prove to be unadaptable to facts.

**Nicolae Ion Birzoi, Sector 5 mayor; 56 years old, construction engineer, lives in the sector, member of the PNL (National Liberal Party):**

1. According to our calculations, without including investments, our sector needs about 500 million lei for ADP and city offices alone. If we want to also take care of the Sector 5 roads, we would need about 17 billion just to bring them up to normal. I was surprised to see that city offices do not have their own income accounts; as a result, the first thing I did was to open one based on Law 69. This account is outside the budget, and is derived from donations, rent from some city office buildings, and so on. With this money, we manage to buy what is strictly necessary for the city offices: supplies, typewriters. These were the first steps. Our intention is to first of all solve the street problems, road cleaning and repair, for which we have some foreign partners.

Without money, the only solution is an exchange; we will see with whom and for what.

Considering that the organization of the city offices is essential for their operation, I felt a real satisfaction and understandable relief when I saw that conditions were reasonably good in Sector 5. There exists a whole set of correctly updated documents in all three of the major areas we are facing: housing, privatization, and land ownership. Added to this is urbanism. All of these have worked almost faultlessly, perhaps less so in terms of land ownership. Everything was agreed upon and completed collectively in the Coordination Council of our city offices. Documents are introduced with memos, ordered, which also leads to the method of solution.

Among the first measures we took in the city offices wherever we noted irregularities was to change management in areas where problems were detected; we installed competent and trustworthy people, and although some reservations existed in their respect, we saw improvements in those activities. Many problems are solved more rapidly, and people no longer have to see the mayor to obtain certificates that can be issued by someone else. In fact, the Sector 5 city offices were among the first to issue certificates for about 470 hectares of arable land. And we did that as early as March.

2. Going on to considerations associated with a real and absolutely necessary decentralization, I will give you an example: In the case of land ownership operations, we are asked to compile tables and send them for approval to the Capital City Hall. The same problem arises in many of the activities of sector mayors. The autonomy granted in Law 69 appears only in the first article, because ultimately Article 113 refutes those that precede it. We are trying to have these functions delegated to us, we have made the required interventions, and in the Capital's City Hall, the vice mayors as well as the mayor general appear interested in granting them. In saying this, I base myself on our collaboration so far and on the answer we received to our requests. Currently, we are making a public property inventory requested by a government memo. We will be finished with this task by the end of June, after which we will be left to take care of our own business.

3. As a rule, the sector mayors, belonging to the same organization, which is in fact a political conglomerate, meet every week to discuss the various problems that arise in city office affairs, and to carry out joint actions.

We all agree that as mayors we are public officials invested with great responsibilities. Within city offices, therefore, we must leave politics aside, and, regardless of the political organization of our council members, we must all accept that our common goal is the proper operation of the institution which we lead, and a competent response to the many, very many problems of the people. As for me, as member of the PNL, I can certainly support only liberal politics, but under no circumstances can I accept that the party to which I belong be involved

in administrative problems. I have accepted one single obligation toward the party, which is not to violate its principles. What is more, I have been assured that our party will support us in all actions.

### **Problem Areas in Agricultural Production Noted**

*92BA0895A Bucharest AZI in Romanian 5 May 92  
pp 1, 3*

[Article by Petre Marculescu, minister of Agriculture and Food Industry: "Let's Take Our Problems One at a Time"]

[Text] In 1991 we experienced significantly different climatic conditions in regard to the amounts of precipitation which fell during the year. The average was higher, nearly twice the average precipitation of the past 10 years. Let us not forget that 1991 meant the return to a nearly normal climate in Romania, after 10 years of terrible drought. This is one aspect of the problem.

Similarly, during the months of April and May, we experienced low temperatures prefixed by a minus sign, which have negatively influenced the period of vegetation, a condition which, together with precipitation, has extended the vegetation period by 24 to 28 days (data obtained from agricultural research).

In the third place, still in 1991, we experienced—as we expected to and are now expecting to experience—an acute shortage of money for the normal pursuit of activities. This has meant that the herbicides necessary for wheat were not on hand, with only 25 percent of the area being treated—which, in practical terms, has meant a reduction in wheat production for the year 1991, not only quantitatively but also qualitatively.

In addition, we depend on substances for treatment against leaf diseases, and 1991 has seen an extraordinarily heavy attack due to the conditions that I have mentioned earlier. The unfavorable meteorological conditions for this crop, along with large amounts of precipitation, have created an extraordinary attack of fusariosis, which has lessened the quality as well as the quantity of wheat production. We may be the only country in this area that could not apply these treatments against leaf disease in 1991. Based on the estimates of specialists in the Ministry of Agriculture, approximately 4.9 million tons of wheat were produced last year. We have lost approximately one, to slightly more than one, million tons of wheat because of this. As a result of the factors which I mentioned so far, that is, unfavorable meteorological conditions, lack of herbicides and herbicide treatment, and a lack of substances for treating leaf disease, we have experienced an extremely great loss of quality, the quality of the wheat no longer being adequate for bread-making purposes. In terms of the production received by ROMCEREAL in the so-called state fund (actually the national fund, which should have assured the population with a large portion of the wheat needed for bread and wheat products), 1.5 million tons did not have very good bread-making qualities. In order not to

increase the country's foreign currency expenses, we made great efforts to blend the wheat, efforts which sometimes naturally failed in terms of bread quality. We have assured and assumed the risk of a quality that is not always adequate, and this depends greatly on our food industry and bread-making enterprises, in order to nevertheless assure a bread quality within more or less reasonable limits. We can estimate that only about 1.2-1.3 million tons met quality conditions, and this covers the entire wheat production, which includes that of private owners (let us not forget that 82 percent of the area planted with wheat came under new ownership through the Land Ownership Law).

We thus advised the government and analyzed at the government level the imports needed to improve the quality of the wheat, which would have meant over one million tons. These imports were greatly reduced in time through a more rational use of the bread fund, the wheat fund that we had allocated.

At this time, the wheat needed for bread until the new crop arrives is assured. A contract, which has attracted much attention in the press, is being carried out, but this contract has given us the chance to obtain wheat without money—because everybody must understand this, that Romania did not have the hard currency necessary for these imports, not even enough to open the necessary credit, and not even the 10 percent that must be paid in advance. We did not even have the money for transportation! And so we did manage to obtain these imports and bring in the wheat needed to assure bread until the new crop—actually we were not the ones who obtain the imports and don't deserve the credit, because we were offered this chance. At the same time, we made a number of bids which completed the wheat fund needed to supply the population with bread. With this wheat coming in, I think that the quality of the bread resulting from mixing the wheat which we still have in stock and the new wheat that is coming in, with its quality, will also improve the quality of the bread in terms of the gluten needed for good quality bread.

As to sugar production, I must tell you that the restructured agriculture and the shift to the new form of ownership through the—if I may say so, brutal—termination of the former cooperative units, and the decentralization it has created has meant that the Ministry of Agriculture did not have all the necessary instruments—and does not even now have all the necessary instruments—to program production as it used to be planned in the past by establishing the areas that would be planted. Until the mechanism is completed with all the organizational structure it implies from the bottom to the top—and that is the direction, from the bottom to the top—it will not be possible to discuss a so-called planning and programming. As a result, 1991 has seen a drastic decline, a drastic reduction in the area cultivated with sugar beet, from 250,000 hectares [ha] to only 200,000 ha (the exact figure is 202,000 ha planted with sugar beet). In itself, this would not be exceptional if we consider that during the year that has ended, 1991, as a

result of the meteorological conditions favorable for this crop as well as whatever we could provide, sugar beet production increased by about five tons per hectare. But that was not enough to produce the quantity of sugar planned. If the full sugar production quota was not realized, this can also be ascribed to the shortages of the national economy. For instance, during 1991, during the fall and winter of 1991, sugar plants were faced with great shortages of fuel—in particular fuel oil, which was known to be lacking even at the time, and diesel fuel, which we know is not available—and not due to industry's fault or anyone's fault, because we depend on these products from abroad. But we did interrupt sugar plant activities for 36 days. This 36-day interruption has meant 36 days of delay in receiving and processing sugar beet in sugar plants, and we can estimate the 1991 losses due to this situation at about 100,000 tons of sugar. This figure was estimated by specialists in the general directorates for agriculture in the Ministry of Agriculture. Therefore, why is there no sugar?

If in 1992 we do not succeed to assure—this is not meant as criticism but as an observation of the circumstances we are experiencing and which give rise to so many natural questions for our people—if we do not succeed in providing the necessary herbicides, if we do not succeed in assuring the substances needed for treatment during the period of vegetation (you know how many pests attack sugar beet), and if we do not succeed in providing the supplies for plants to work at full efficiency, then we will probably see even larger figures at the end of this year. In these conditions of scarcity, agriculture cannot proceed normally and cannot provide—not answers, but peace of mind about supplying the population.

With respect to oil, the area planted last year was also smaller, and here we experienced a number of fertilization shortages as well. The fertilizers we had last year were at the lowest level in the history of agriculture, which is to say the last 30 years. We had fertilizers for only about 25-26 percent of the planted area. Without meaning to theorize, type, hybrid, and soil, the richness of the earth, to use a more popular term, are not the only factors that lead to a full crop. Knowing that one kilogram of active substance nitrogen produces 10 kg of grain, we can evaluate the losses we have registered and threaten to be registered during this year if we do not

succeed in obtaining needed chemical fertilizers. Agriculture must certainly be viewed as a branch that depends on a number of other upstream industries, as well as on labor distribution downstream. With regard to oil, by processing soy as protein fodder for animals, we hope to succeed in obtaining all the soy needed to cover our needs until the new crop. It's a matter of another 119,000 tons of oil, which we hope to obtain through processing—thus producing grist for cattle—in order to meet this need for oil.

What will be the price of meat? Through Government Decision No. 776, Article 21, the Ministry of Agriculture is authorized to establish contracting and acquisition prices. Strictly in terms of meat, these prices have already been set at this time because every price is backed by costs. It is the cost price that determines the measures we take regarding contracting and acquisition price levels. It is not the Ministry of Agriculture that establishes the price level of the finished product. This is a matter for the Price Department, probably the Ministry of Commerce. We know approximately how much will be paid per kilogram of meat on the hoof, which represents the cost price to which the Ministry of Agriculture adds practically nothing because it needs practically nothing.

These prices will certainly rise as the subvention is reduced by 25 percent. I have personally not calculated where this will lead, but let's not forget that in addition to the consumer, we must also provide protection for the producer, who can't work at a loss either....

Problems arise, of course, which affect labor productivity in livestock management, fodder consumption per kilogram of higher meat production, the number of livestock births, the number of deaths, and so on. All of these things are part of the Ministry of Agriculture's strategy, which will attempt to continue, to begin to place some order in production units. Let us also not forget the extent of personnel transfer which we experienced immediately after the Revolution, when cooperative units were terminated and some of the personnel moved to the private sector. And one more thing: the dependence of the livestock sector on protein fodder. We are not the ones who created this livestock sector in Romania. Romania depends 50-60 percent on fodder.

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